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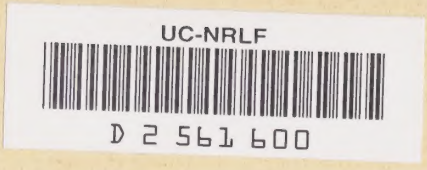

Annual Financial Report

County of Stanislaus, California

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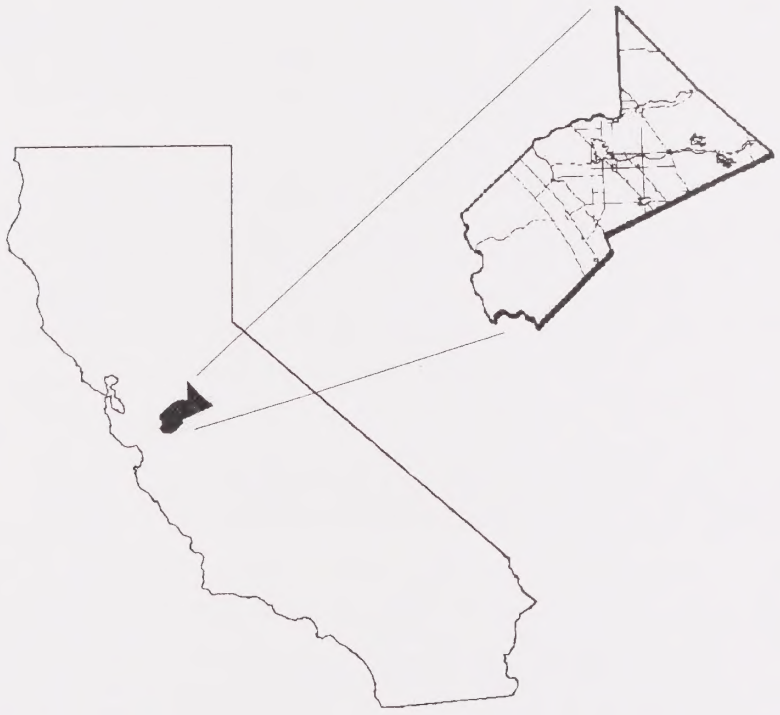
Striving to be the Best

Fiscal Year Ended June 30, 2005

Annual Financial Report

County of Stanislaus, California
Fiscal Year Ended
June 30, 2005



Prepared By
Stanislaus County Auditor-Controller's Office
Larry D. Haugh, Auditor-Controller

COUNTY OF STANISLAUS

Annual Financial Report

For the Fiscal Year Ended June 30, 2005

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Annual Financial Report

For the Fiscal Year Ended June 30, 2005

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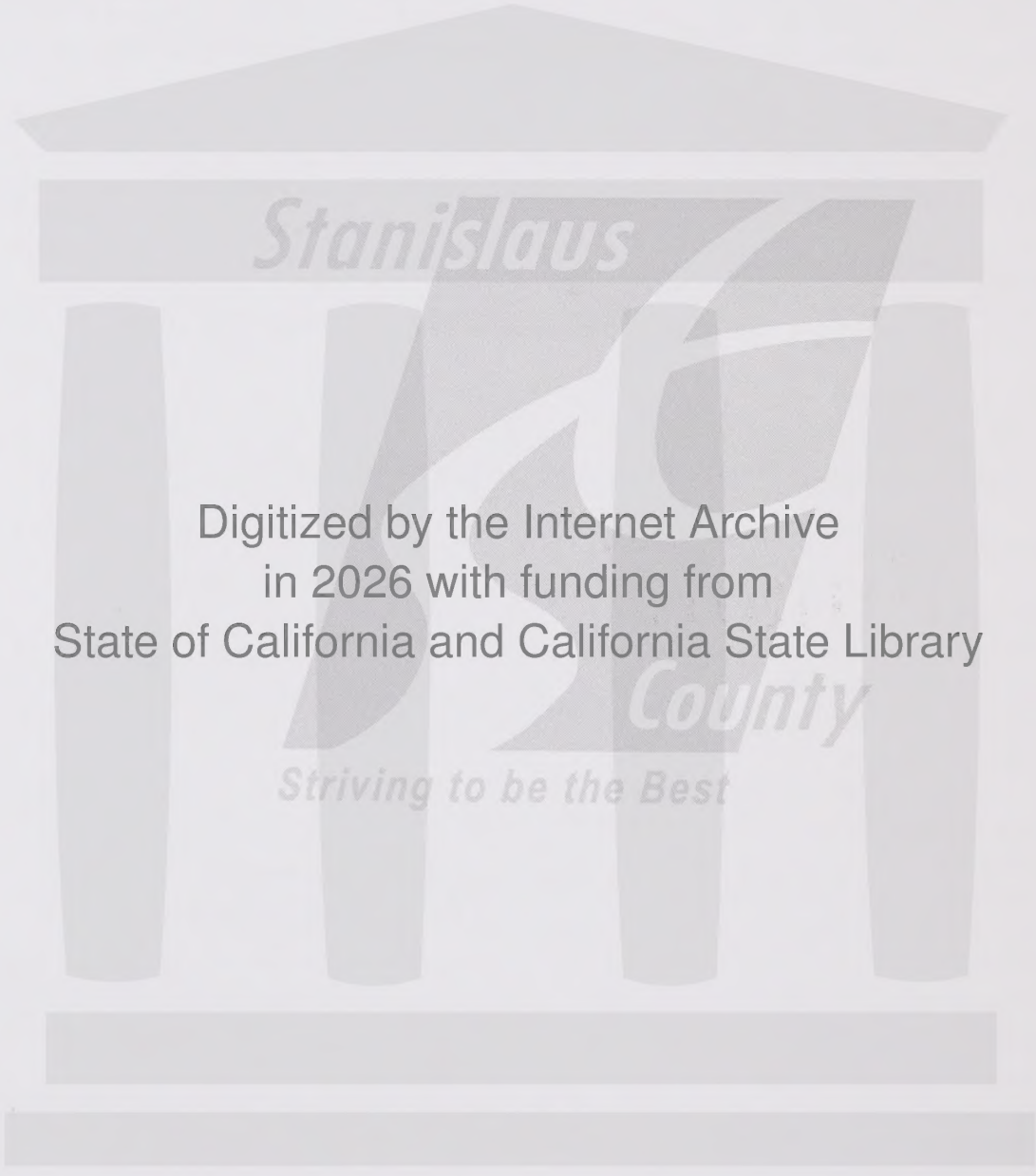

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Financial Section

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The Honorable Grand Jury and Board
of Supervisors County of Stanislaus
Modesto, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Stanislaus, California (County), as of and for the fiscal year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Stanislaus County Employees Retirement Association, reported as a pension trust fund, which statements reflect total assets of $1,363,401,675 as of June 30, 2005, and total contributions and net investment income of $129,584,282 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included in the Employees' Retirement Trust Fund, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparisons for the General Fund, Behavioral Health and Recovery Special Revenue Fund and Community Services Agency Special Revenue Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2005, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Macias Gini & Company LLP

Certified Public Accountants

Sacramento, California
December 2, 2005

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the County of Stanislaus (County), we offer this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2004-2005 fiscal year by $648 million (*net assets)*. Of this amount, $513 million is invested in capital assets net of related debt and $143 million is restricted for specific purposes (*restricted net assets*), leaving a deficit of $8 million in unrestricted net assets.

- The government's total net assets increased by $42 million.

- As of June 30, 2005, the County governmental funds reported combined fund balances of $329 million, an increase of $24 million from the prior year. Approximately 71% of the combined fund balances, or $235 million is available to meet the County's current and future needs (*unreserved fund balance).*

- At the end of the fiscal year, unreserved fund balance for the general fund was $56 million, or 28% of total general fund expenditures and transfers.

- The County's total long-term debt decreased by $11 million in fiscal year 2004-2005.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. There are three components to the County's basic financial statements 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. This report also contains other supplementary information.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

fees and charges (*business-type activities).* The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services. The business-type activities of the County include the Fink and Geer Road Landfills, Health Clinics and Ancillary Services, Stanislaus Behavioral Health Center, Inmate Welfare/Commissary and Transit.

The government-wide financial statements include not only the County (known as the primary government), but also legally separate entities (component units) for which the County is financially accountable. There are five component units included in these financial statements. The Redevelopment Agency, Stanislaus County Capital Improvements Financing Authority, Stanislaus County Tobacco Funding Corporation, In-Home Supportive Services Public Authority and the Lighting Districts, although legally separate, function for all practical purposes as departments of the County and therefore, are included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds, proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

For the governmental funds, information is presented separately for the General Fund, Tobacco Settlement, Behavioral Health and Recovery Services, Community Services Agency, and Public Facility Fees, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and most of its special revenue funds. Budgetary comparison statements have been provided in this report for the General Fund and the major special revenue funds.

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

The governmental funds financial statements can be found on pages 18-31 of this report

Proprietary funds are divided into two types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Fink and Geer Road Landfills, Health Clinics and Ancillary Services, Stanislaus Behavioral Health Center, Inmate Welfare/Commissary and Transit activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance activities, Central Services, Fleet Services, Technology and Communication, and Morgan Shop Garage. All of these activities, except the Professional Liability Self-insurance Fund, predominantly benefit governmental functions and have been included within *governmental activities* in the government-wide financial statements. The Professional Liability Insurance Fund predominantly benefits business type functions and is included within the *business-type* activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Fink and Geer Road Landfills, and the Health Clinics and Ancillary Services Fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 32-35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 38-79 of this report.

The combining and individual fund statements referred to earlier provide information for non-major governmental funds, enterprise and internal service funds and are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 81-95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $648 million at the close of the 2004/05 fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

By far the largest portion of the County's net assets (79%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Stanislaus Net Assets

	Governmental Activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	$ 412,400,831	$ 421,195,409	$ 41,366,654	$ 41,468,033	$ 453,767,485	$ 462,663,442
Capital assets	572,374,789	574,296,565	27,524,260	26,024,601	599,899,049	600,321,166
Total assets	984,775,620	995,491,974	68,890,914	67,492,634	1,053,666,534	1,062,984,608
Long-term liabilities outstanding	312,468,531	325,052,499	4,071,578	4,753,821	316,540,109	329,806,320
Other liabilities	47,642,314	86,093,739	41,658,838	41,641,329	89,301,152	127,735,068
Total liabilities	360,110,845	411,146,238	45,730,416	46,395,150	405,841,261	457,541,388
Net assets:						
Invested in capital, net of related debt	486,725,321	495,467,522	25,967,054	24,016,538	512,692,375	519,484,060
Restricted	127,030,151	111,663,081	16,464,101	17,058,797	143,494,252	128,721,878
Unrestricted	10,909,303	(22,784,867)	(19,270,657)	(19,977,851)	(8,361,354)	(42,762,718)
Total net assets	$ 624,664,775	$ 584,345,736	$ 23,160,498	$ 21,097,484	$ 647,825,273	$ 605,443,220

Another significant portion of the County's net assets, $143 million, represents resources that are subject to external restrictions on how they may be used. These two portions of the net assets (invested in capital and restricted) are greater than 100% of the total net assets, leaving a deficit of $8 million.

The County's total net assets increased by $42 million during the current fiscal year. This increase can be largely attributed to increases in various revenue sources of $69 million relative to a $24 million increase in expenses.

For business-type activities, the County reported a negative balance of $19 million in unrestricted net assets. This deficit is due primarily to the liability for post-closure maintenance in the closed Geer Road Landfill Fund and the accumulated deficit in the Health Clinics and Ancillary Services Fund.

Governmental activities Governmental activities increased the County's net assets by $40 million, mainly due to increased revenue outpacing the increases in expenses.

The increased revenue came from $9.4 in donated federal land, $10 million in increased public facility fee revenue, $19 million in increased State vehicle license fee revenue, $8 million in increased investment earnings, $12 million in increased State public assistance revenue, and $5 million in increased tax revenue.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Governmental activities (Cont.)

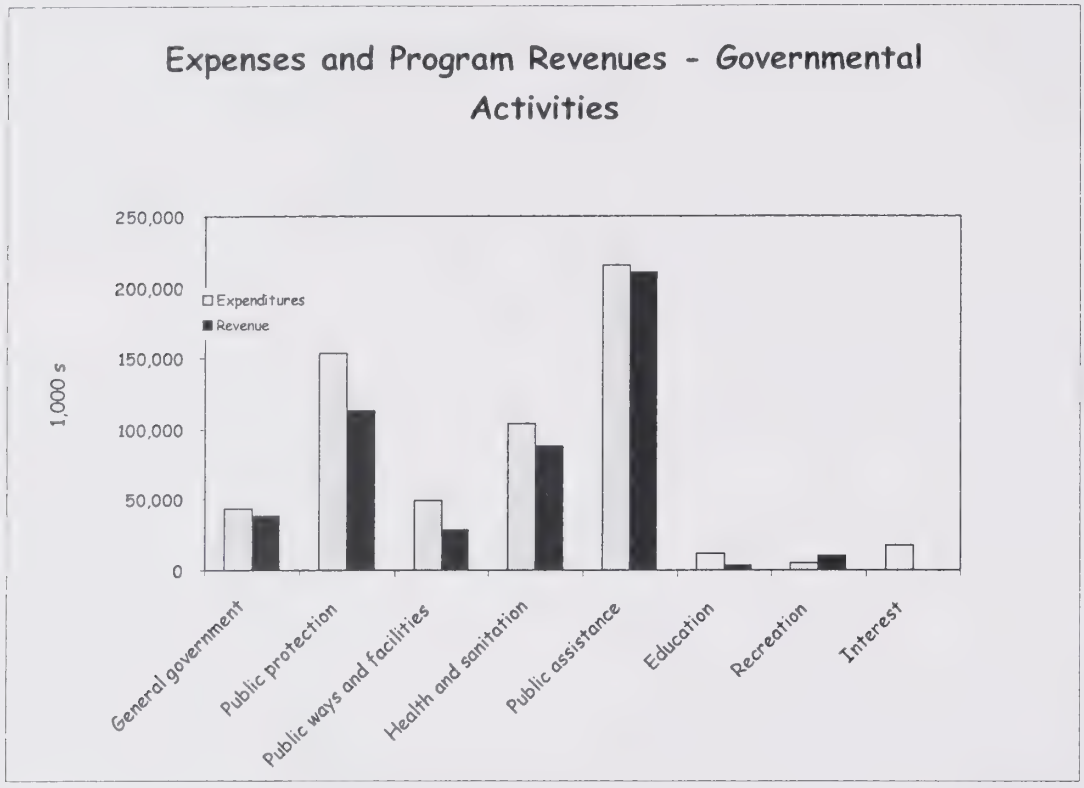
The following table indicates the changes in net assets for governmental and business-type activities:

County of Stanislaus Changes in Net Assets

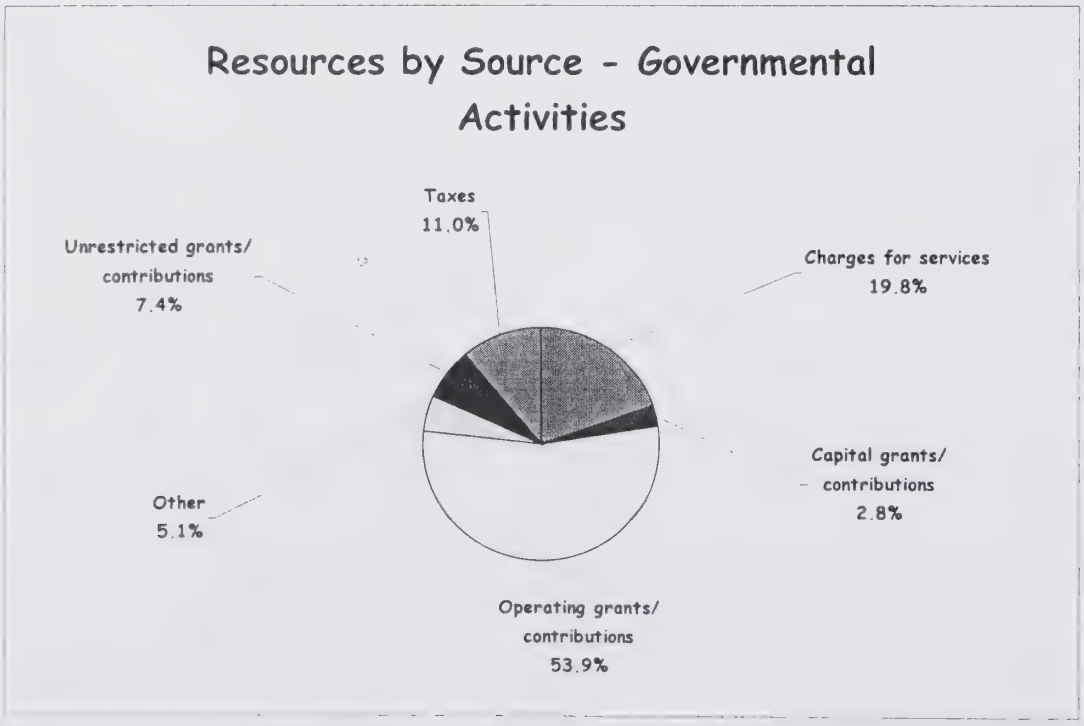
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	$ 127,310,797	$105,590,876	$ 61,591,904	$62,528,784	$ 188,902,701	$168,119,660
Operating grants and contributions	346,718,321	335,349,242	945,523	2,113,508	347,663,844	337,462,750
Capital grants and contributions	18,080,864	11,639,869	2,106,894	133,483	20,187,758	11,773,352
General revenues:						
Property taxes	36,762,205	34,432,004			36,762,205	34,432,004
Sales taxes	29,434,230	27,480,214	2,422,965		31,857,195	27,480,214
Other taxes	4,667,735	3,787,530			4,667,735	3,787,530
Unrestricted investment earnings	10,552,047	2,550,113	705,257	2,106,012	11,257,304	4,656,125
Grants/contributions not restricted	47,269,891	28,618,894			47,269,891	28,618,894
Other general revenue	21,966,785	25,081,071			21,966,785	25,081,071
Total revenues	642,762,875	574,529,813	67,772,543	66,881,787	710,535,418	641,411,600
Expenses:						
General government	43,758,556	44,290,347			43,758,556	44,290,347
Public protection	153,222,823	146,200,826			153,222,823	146,200,826
Public ways and facilities	49,611,339	45,291,400			49,611,339	45,291,400
Health and sanitation	104,052,780	103,788,932			104,052,780	103,788,932
Public assistance	216,024,493	204,811,256			216,024,493	204,811,256
Education	11,455,049	10,553,123			11,455,049	10,553,123
Recreation	5,367,318	6,710,196			5,367,318	6,710,196
Interest on long-term debt	17,509,698	17,522,288			17,509,698	17,522,288
Landfills			3,782,560	4,295,808	3,782,560	4,295,808
Behavioral health			16,256,875	16,655,727	16,256,875	16,655,727
Health clinics and ancillary			42,296,204	40,143,654	42,296,204	40,143,654
Inmate welfare and commissary			1,861,958	1,718,460	1,861,958	1,718,460
Transit			2,953,712	2,348,014	2,953,712	2,348,014
Total expenses	601,002,056	579,168,368	67,151,309	65,161,663	668,153,365	644,330,031
Net asset increase (decrease) before transfers	41,760,819	(4,638,555)	621,234	1,720,124	42,382,053	(2,918,431)
Transfers	(1,441,780)	(8,203,529)	1,441,780	8,203,529	-	-
Change in net assets	40,319,039	(12,842,084)	2,063,014	9,923,653	42,382,053	(2,918,431)
Net assets – July 1	584,345,736	597,187,820	21,097,484	11,173,831	605,443,220	608,361,651
Net assets – June 30	$ 624,664,775	$584,345,736	$ 23,160,498	$21,097,484	$ 647,825,273	$605,443,220

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Governmental activities (Cont.)

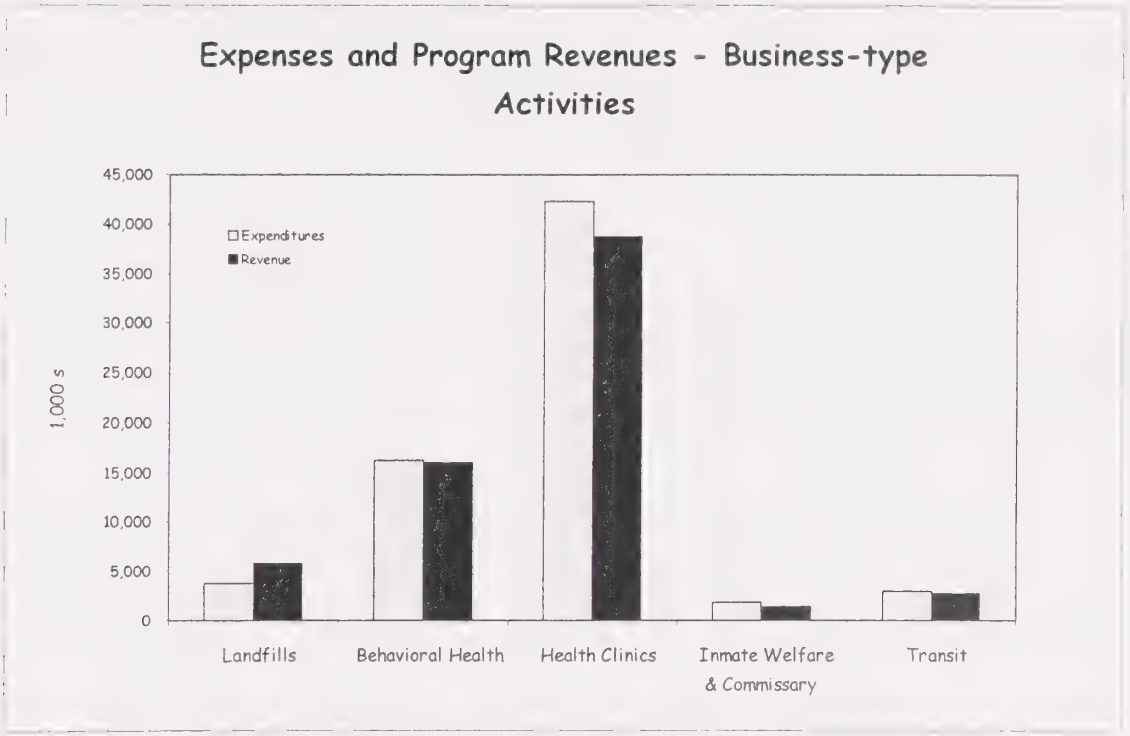


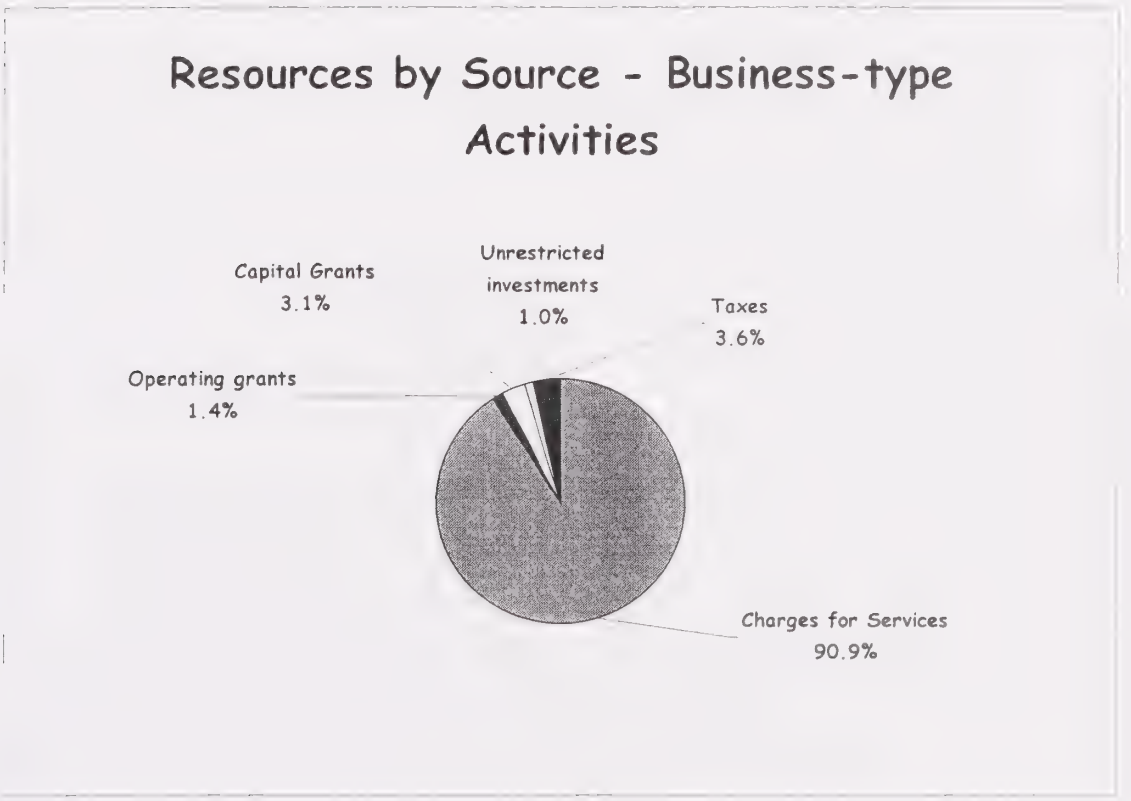
In 2004-2005, recreation program revenue is greater than expenditures because the County received a $4 million donation to be used exclusively for the Gallo Center for the Arts.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Business-type activities – Business-type activities net assets increased by $2 million due mainly to decreased liability estimates for closure/postclosure care.





FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses ***fund accounting*** to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the general, special revenue, debt service, and capital projects funds. Included in these funds are the special districts governed by the County Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2005, the County's governmental funds reported combined fund balances of $329 million, an increase of $24 million in comparison with the prior year. This increase can largely be attributed to a $10 million increase in public facility fee revenue resulting from an increase in fees and an increase in new home development in the County and a $19 million increase in vehicle license fee revenue from the State.

Approximately 71% of the combined fund balances, $235 million constitutes *unreserved fund balance,* which is available for spending by the government. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has been committed:

1) to pay debt service $21.5 million
2) to capital projects $20.3 million
3) to liquidate contracts and purchase orders of the prior period $33.5 million
4) to reflect amount due from other funds that are long-term in nature and thus do not represent available spendable resources $1.7 million
5) to reflect long term receivables for delinquent taxes due from taxpayers $11 million
6) to reflect amounts loaned to other governments that are long-term and do not represent available resources $2.3 million
7) to a variety of other restricted purposes $3.4 million.

The General Fund is the chief operating fund of the County. At June 30, 2005, unreserved fund balance of the General Fund was $56 million while total fund balance was $82 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 28% of total fund expenditures and transfers, while total fund balance represents 41% of that same amount.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project, activity or for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the $56 million General Fund unreserved fund balance, 40% is designated. Unreserved, undesignated fund balance at year-end was $34 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Cont.)

The total fund balance of the County's General Fund increased by $23 million during the current fiscal year, largely due to an increase in taxes and intergovernmental revenue. Taxes increased by $4 million. Intergovernmental revenue increased by $19 million in vehicle license fee (VLF) revenue.

VLF revenue was withheld from the counties in 2003-2004 in order to balance the State budget. It was not scheduled to be paid until 2006-2007 so the County did not accrue this revenue in 2003-2004. Then in August of 2005, the State paid $9.8 million for this VLF "gap loan". Due to this change in circumstances, the County accrued the $9.8 million in 2004-2005 fiscal year. This resulted in a larger than usual increase in VLF revenue.

The debt service funds have a total fund balance of $22.7 million, of which 95% or $21.5 million is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service funds was $3 million. This decrease can be attributed to annual debt service payments.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The following table shows actual revenues, expenses and results of operations for the current fiscal year:

	Stanislaus County Proprietary Funds				
	Major Funds			Non-major	
	Fink Road Landfill	Geer Road Landfill	Health Clinics & Ancillary	Other Enterprise Funds	Total
Operating revenues	$ 5,420,921	$ -	$ 38,144,080	$17,631,150	$61,196,151
Operating expenses	3,778,913	3,647	40,741,917	21,038,043	65,562,520
Operating income (loss)	1,642,008	(3,647)	(2,597,837)	(3,406,893)	(4,366,369)
Non-operating revenues (expenses), net	902,545	111,740	27,925	2,791,548	3,833,758
Net income (loss) before contributions and transfers	2,544,553	108,093	(2,569,912)	(615,345)	(532,611)
Contributions and transfers	(448,969)	450,306	2,654,250	893,087	3,548,674
Net income	$ 2,095,584	$558,399	$ 84,338	$ 277,742	$ 3,016,063

The net income in the Fink Road Landfill results from a periodic engineer's review of the landfill's capacity. That review changed the Fink landfill's estimated liability for closure/post-closure resulting in less expenses for the year. The net income in the Geer Road Landfill is due to a transfer from Fink Road Landfill for post-closure maintenance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County appropriated $5.1 million in a contingency budget for emergencies and other unanticipated expenses as part of administrative policy. At year-end, revenues exceeded budgetary estimates in the General Fund by $24 million mainly due to an unanticipated increase in vehicle license fee revenue from the State. By fiscal restraint, expenditures ended the year less than budgetary estimates.

During the year, appropriations were increased by $6.8 million resulting in a difference between the original budget and the final amended budget. This appropriation increase in the General Fund was for two State grants to replace and enhance the voting system used in the County and for increased public protection function needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounted to $600 million (net of accumulated depreciation). This investment in capital assets includes land and easements, roads, highways, bridges, park facilities, structures and improvements, and equipment. The County's total investment in capital assets for the current period decreased only slightly from the prior year due to the donation of the Crows Landing Air Facility land from the Federal government and the increased construction of the Arts Center and 12th Street Project.

Major capital asset events during the 2004-2005 fiscal year included the following:

- Construction continued on the 12th Street parking garage and office structure, expending $12.8 million of a $22.6 million project.

- Activity on the new Gallo Center for the Arts continued with $8.9 million expended on an overall $34.8 million project.

- Parks projects included $1.1 million in construction costs for the Grayson Community Center and Park and the Empire Neighborhood Park.

- Major public works projects included $1.4 million to widen Crows Landing Road from Service Road to Keyes Road, $1.3 million to repair the support piers on the Hickman Road bridge, and $3.3 million in improvements to Baldwin Road.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont.)

Capital assets (Cont.)

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

County of Stanislaus Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	$ 36,805,123	$ 26,849,826	$ 16,306,069	$ 16,306,069	$ 53,111,192	$ 43,155,895
Infrastructure	364,831,858	392,921,528			364,831,858	392,921,528
Structures and improvements	112,926,738	113,821,192	7,133,395	7,424,494	120,060,133	121,245,686
Equipment	31,678,665	30,488,146	4,084,796	2,294,038	35,763,461	32,782,184
Construction in progress	26,132,405	10,215,873			26,132,405	10,215,873
Total	$ 572,374,789	$ 574,296,565	$ 27,524,260	$ 26,024,601	$ 599,899,049	$ 600,321,166

Long-term debt

At June 30, 2005, the County had total long-term debt outstanding of $269 million. The decrease of $11 million from last year's outstanding debt results from annual debt service payments.

Our long-term debt ratings are an "A" from Standard and Poor's Corporation and an "A3" from Moody's Investor service.

County of Stanislaus
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Certificates of Participation	$ 121,401,725	$ 127,096,873	$ 1,181,144	$ 1,320,192	$ 122,582,869	$ 128,417,065
Pension Obligation Bonds	75,890,000	81,685,000			75,890,000	81,685,000
Tobacco Securitization Note	64,880,000	66,015,000			64,880,000	66,015,000
USDA Loan	4,480,000	4,525,000			4,480,000	4,525,000
RDA State Water Board Loan	1,648,471				1,648,471	-
Total	$ 268,300,196	$ 279,321,873	$ 1,181,144	$ 1,320,192	$ 269,481,340	$ 280,642,065

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The County will lose $4.5 million in property tax revenue in 2005-2006 due to the State's action to balance its own budget.
- The unemployment rate in the County for September 2005 was 7.0% compared to 5.2% for the State of California and the nation.
- The State in their 2005-2006 budget restored full funding from the gasoline tax revenue for counties road projects.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Cont.)

- During the current fiscal year, unreserved, undesignated fund balance in the General Fund increased to $33.8 million. The County has appropriated $11.2 million of this amount for spending in the 2005-2006 fiscal year.
- The 2005-2006 budget includes a contribution from the General Fund to the Health Clinics and Ancillary Services Fund totaling approximately $16 million over the next three years.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, 1010 Tenth Street, Suite 5100, P.O. Box 770, Modesto, CA 95353.

Basic Financial Statements

County of Stanislaus
Statement of Net Assets
June 30, 2005

	Governmental Activites	Business-type Activities	Total
ASSETS			
Cash and investments	$ 203,516,156	$ 13,031,366	$ 216,547,522
Investments with fiscal agent	99,314,349	159,154	99,473,503
Taxes receivable	17,712,451		17,712,451
Accounts receivable	63,056,280	13,081,962	76,138,242
Interest and other receivables	1,655,049	103,314	1,758,363
Deposit with others	616,352		616,352
Deferred charges	1,460,555		1,460,555
Inventory	635,860	567,169	1,203,029
Prepaid items	30,200	88,180	118,380
Loans to other governments	2,314,517		2,314,517
Internal balances	2,075,938	(2,075,938)	
Restricted cash and investments	2,972,217	16,411,447	19,383,664
Investments - Joint ventures	17,040,907		17,040,907
Capital assets: (net of accumulated depreciation)			
Land	36,805,123	16,306,069	53,111,192
Infrastructure	364,831,858		364,831,858
Structures and improvements	112,926,738	7,133,395	120,060,133
Equipment	31,678,665	4,084,796	35,763,461
Construction in progress	26,132,405		26,132,405
Total capital assets	572,374,789	27,524,260	599,899,049
Total assets	984,775,620	68,890,914	1,053,666,534
LIABILITIES			
Accounts payable	20,343,370	3,070,790	23,414,160
Salaries and benefits payable	12,058,198	1,552,228	13,610,426
Interest payable	3,228,220		3,228,220
Unearned revenue	9,548,687		9,548,687
Deposits from others	8,553	28,617	37,170
Due to other governments	2,455,286		2,455,286
Payables to external parties		21,802,109	21,802,109
Estimated cost of landfill closure/postclosure		15,205,094	15,205,094
Long-term liabilities:			
Portion due or payable within one year:			
Risk management liability - current	8,845,684	461,000	9,306,684
Capital leases - current	134,530	163,986	298,516
Compensated absences - current	1,205,850	99,342	1,305,192
Long-term obligations - current	13,735,556	146,688	13,882,244
Portion due or payable after one year:			
Risk management liability	12,248,429		12,248,429
Capital leases payable	62,965	212,076	275,041
Compensated absences	21,670,877	1,954,030	23,624,907
Long-term obligations	254,564,640	1,034,456	255,599,096
Total liabilities	360,110,845	45,730,416	405,841,261
NET ASSETS			
Investment in capital assets, net of related debt	486,725,321	25,967,054	512,692,375
Restricted for:			
Capital projects	83,636,605		83,636,605
Other purposes	43,393,546	16,464,101	59,857,647
Unrestricted (deficit)	10,909,303	(19,270,657)	(8,361,354)
Total net assets	$ 624,664,775	$ 23,160,498	$ 647,825,273

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Activities
For the Fiscal Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 43,758,556	$ 25,096,648	$ 13,440,800	$
Public protection	153,222,823	47,523,591	65,940,035	
Public ways and facilities	49,611,339	14,937,803	37,212	13,694,069
Health and sanitation	104,052,780	27,706,588	60,607,379	
Public assistance	216,024,493	5,144,987	205,084,545	
Education	11,455,049	2,597,282	464,249	
Recreation	5,367,318	4,303,898	1,144,101	4,386,795
Interest and fiscal charges on long-term debt	17,509,698			
Total governmental activities	601,002,056	127,310,797	346,718,321	18,080,864
Business-type activities:				
Landfills	3,782,560	5,785,376		
Behavioral Health	16,256,875	15,994,328	3,424	
Health Clinics & Ancillary	42,296,204	38,144,080	573,736	
Inmate Welfare and Commissary	1,861,958	1,387,650		
Transit	2,953,712	280,470	368,363	2,106,894
Total business-type activities	67,151,309	61,591,904	945,523	2,106,894
Total Stanislaus County	$ 668,153,365	$ 188,902,701	$ 347,663,844	$ 20,187,758

General revenues:
- Taxes:
  - Property taxes
  - Property taxes - unsecured
  - Sales taxes
  - Sales taxes - library
  - Sales taxes - road
  - In lieu sales tax
  - Other taxes
- Franchise fees
- Payment in lieu of taxes:
  - Open space subvention
  - In lieu motor vehicle license
- Unrestricted investment earnings
- Miscellaneous
- Special Item - donated Federal land
- Net transfers

Total general revenues and transfers

Changes in net assets

Net assets--beginning

Net assets--ending

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Activities
For the Fiscal Year Ended June 30, 2005

Net (Expense) Revenue and Changes in Net Assets			Functions/Programs
Governmental Activities	Business-Type Activities	Total	
			Primary government
			Governmental activities:
$ (5,221,108)	$	$ (5,221,108)	General government
(39,759,197)		(39,759,197)	Public protection
(20,942,255)		(20,942,255)	Public ways and facilities
(15,738,813)		(15,738,813)	Health and sanitation
(5,794,961)		(5,794,961)	Public assistance
(8,393,518)		(8,393,518)	Education
4,467,476		4,467,476	Recreation
(17,509,698)		(17,509,698)	Interest and fiscal charges on long-term debt
(108,892,074)		(108,892,074)	Total governmental activities
			Business-type activities:
	2,002,816	2,002,816	Landfills
	(259,123)	(259,123)	Behavioral Health
	(3,578,388)	(3,578,388)	Health Clinics & Ancillary
	(474,308)	(474,308)	Inmate Welfare and Commissary
	(197,985)	(197,985)	Transit
	(2,506,988)	(2,506,988)	Total business-type activities
$ (108,892,074)	$ (2,506,988)	$ (111,399,062)	Total Stanislaus County
			General revenues:
			Taxes:
35,030,086		35,030,086	Property taxes
1,732,119		1,732,119	Property taxes - unsecured
15,331,659	2,422,965	17,754,624	Sales taxes
8,275,629		8,275,629	Sales taxes - library
1,468,500		1,468,500	Sales taxes - road
4,358,442		4,358,442	In lieu sales tax
4,667,735		4,667,735	Other taxes
1,015,443		1,015,443	Franchise fees
			Payment in lieu of taxes:
1,670,086		1,670,086	Open space subvention
44,584,362		44,584,362	In lieu motor vehicle license
10,552,047	705,257	11,257,304	Unrestricted investment earnings
12,506,005		12,506,005	Miscellaneous
9,460,780		9,460,780	Special Item - donated Federal land
(1,441,780)	1,441,780		Net transfers
149,211,113	4,570,002	153,781,115	Total general revenues and transfers
40,319,039	2,063,014	42,382,053	Changes in net assets
584,345,736	21,097,484	605,443,220	Net assets--beginning
$ 624,664,775	$ 23,160,498	$ 647,825,273	Net assets--ending

County of Stanislaus
Balance Sheet
Governmental Funds
June 30, 2005

	General Fund	Tobacco Settlement	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and investments	$ 39,868,009	$	$ 3,012,819	$ 3,001,921	$ 69,249,595	$ 69,433,021	$ 184,565,365
Investments with fiscal agent		57,466,537				41,847,812	99,314,349
Taxes receivable	17,712,451						17,712,451
Accounts receivable	25,772,307		9,648,840	6,794,257	2,841,751	17,441,121	62,498,276
Interest and other receivables	331,156	808,162	9,038		221,441	223,850	1,593,647
Due from other funds	4,295,453		386,921	71,635			4,754,009
Deposit with others	10,000						10,000
Inventory						302,492	302,492
Loans to other governments	2,314,517						2,314,517
Advances to other funds	500,450					1,190,422	1,690,872
Prepaid items			4,195			12,347	16,542
Restricted cash and investments	2,972,217						2,972,217
Total assets	$ 93,776,560	$ 58,274,699	$ 13,061,813	$ 9,867,813	$ 72,312,787	$ 130,451,065	$ 377,744,737
Liabilities and fund balances							
Liabilities							
Accounts payable	$ 3,829,783	$	$ 5,429,303	$ 525,886	$	$ 9,409,206	$ 19,194,178
Salaries and benefits payable	5,245,715		1,310,408	2,250,078		3,069,432	11,875,633
Due to other funds	458,556		997,739			756,390	2,212,685
Due to other governments				13,384		2,441,902	2,455,286
Deposits from others						8,553	8,553
Deferred revenue	2,295,143	808,162	1,993,681	5,873,483		383,307	11,353,776
Advances from other funds						1,690,872	1,690,872
Total liabilities	11,829,197	808,162	9,731,131	8,662,831		17,759,662	48,790,983
Fund balances:							
Reserved for							
Encumbrances	9,007,286		126,712			24,368,142	33,502,140
Advances to other funds	500,450					1,190,422	1,690,872
Long term receivables	11,031,930						11,031,930
Loans to other governments	2,314,517						2,314,517
Other	3,070,152		12,906	27,150		320,766	3,430,974
Capital projects						20,340,905	20,340,905
Debt service						21,531,407	21,531,407
Unreserved:							
Designated for							
Debt service	9,757,589						9,757,589
Contingencies	12,393,032						12,393,032
Reported in :							
General fund	33,872,407						33,872,407
Special revenue funds		57,466,537	3,191,064	1,177,832		47,763,054	109,598,487
Capital project funds					72,312,787	(4,000,879)	68,311,908
Debt service funds						1,177,586	1,177,586
Total fund balances	81,947,363	57,466,537	3,330,682	1,204,982	72,312,787	112,691,403	328,953,754
Total liabilities and fund balances	$ 93,776,560	$ 58,274,699	$ 13,061,813	$ 9,867,813	$ 72,312,787	$ 130,451,065	$ 377,744,737

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2005

Total fund balances for governmental funds (page 18)		$ 328,953,754
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 36,805,123	
Infrastructure	364,831,858	
Structures and improvements	112,035,041	
Equipment	26,616,073	
Construction in progress	26,132,405	
Total capital assets		566,420,500
Other long-term assets are not available to pay for current period expenditures and, therefore, are not included in the governmental funds for joint ventures investments		17,040,907
Internal service funds are used by the County to charge the cost of general liability, unemployment, worker's compensation, dental, vision, & purchased insurance plus Central services, Fleet services, Technology & communication and Morgan garage to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.		3,080,672
Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are not recognized as revenue in the funds.		1,805,089
Costs of issuance that benefit future periods are recognized as expenditures in the funds.		1,460,555
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net assets.		
Balances at June 30, 2005 are:		
Certificates of participation	$(121,401,725)	
Bonds payable	(82,018,471)	
Tobacco securitization note	(64,880,000)	
Capital leases	(158,833)	
Accrued interest on long term debt	(3,228,220)	
Compensated absences	(22,409,453)	
Total long-term liabilities		(294,096,702)
Net assets of governmental activities (page 15)		$ 624,664,775

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General Fund	Tobacco Settlement	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes	$ 57,024,779	$	$	$	$	$ 13,882,934	$ 70,907,713
Licenses, permits and franchises	2,021,140			63,323		3,144,817	5,229,280
Fines, forfeitures and penalties	5,956,502		88,057			2,205,017	8,249,576
Revenue from use of money and property	3,504,765	5,617,415	112,885	1,847	1,365,188	3,485,737	14,087,837
Intergovernmental	110,287,845		27,878,492	192,033,372		73,974,153	404,173,862
Charges for services	39,924,682		20,065,626	1,583,957	24,823,530	24,224,084	110,621,879
Miscellaneous	2,166,623		26,039	1,018,335		9,302,792	12,513,789
Donation						6,145,113	6,145,113
Total revenues	220,886,336	5,617,415	48,171,099	194,700,834	26,188,718	136,364,647	631,929,049
EXPENDITURES:							
Current:							
General government	28,507,038					10,112,489	38,619,527
Public protection	112,718,945		1,031,858			41,318,329	155,069,132
Public ways and facilities	389,230					18,966,073	19,355,303
Health and sanitation	4,703,134		58,372,006			42,101,179	105,176,319
Public assistance	308,240			199,789,740		15,762,808	215,860,788
Education	332,103					9,723,412	10,055,515
Recreation and cultural services	4,240,643					20,078	4,260,721
Capital outlay					162,147	28,247,008	28,409,155
Debt service:							
Interest and fiscal charges	925,208		10,445	10,336		15,471,229	16,417,218
Principal	9,734		63,470	136,069		12,812,591	13,021,864
Total expenditures	152,134,275		59,477,779	199,936,145	162,147	194,535,196	606,245,542
Excess revenues over (under) expenditures	68,752,061	5,617,415	(11,306,680)	(5,235,311)	26,026,571	(58,170,549)	25,683,507
OTHER FINANCING SOURCES (USES)							
Transfers in	4,113,809		10,355,771	6,918,275		46,274,715	67,662,570
Transfers out	(49,566,182)	(1,667,667)	(1,140,446)	(1,389,105)	(4,514,628)	(10,708,734)	(68,986,762)
Sale of capital assets	697						697
Total other financing sources (uses)	(45,451,676)	(1,667,667)	9,215,325	5,529,170	(4,514,628)	35,565,981	(1,323,495)
Net change in fund balances	23,300,385	3,949,748	(2,091,355)	293,859	21,511,943	(22,604,568)	24,360,012
Fund balance -- beginning	58,646,978	53,516,789	5,422,037	911,123	50,800,844	135,295,971	304,593,742
Fund balances -- ending	$ 81,947,363	$ 57,466,537	$ 3,330,682	$ 1,204,982	$ 72,312,787	$ 112,691,403	$ 328,953,754

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2005

Net change in fund balances - total governmental funds (page 20)		$ 24,360,012
The change in net assets reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets and infrastructure	$ 28,118,193	
Less current year depreciation	(38,401,566)	(10,283,373)
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets		7,939,818
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		909,965
Repayments of debt principal and issuance premiums are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and premiums are amortized in the statement of activities.		
Repayments:		
Certificate of participation	$ 5,690,952	
Other long-term debt	5,326,529	
Capital lease	261,563	
Amortization of issuance premium	4,196	11,283,240
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in investment in joint ventures	$ (462,010)	
Change in accrued interest payable	754,771	
Change in compensated absences	848,237	
Change in deferred charges	(72,424)	1,068,574
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.		5,040,803
Change in net assets of governmental activities (page 17)		$ 40,319,039

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2005

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Revenues:				
Taxes	$ 79,128,535	$ 78,900,809	$ 57,024,779	$ (21,876,030)
Licenses, permits and franchises	1,772,353	1,772,353	2,021,140	248,787
Fines, forfeitures and penalties	3,697,020	3,692,020	5,956,502	2,264,482
Revenue from use of money and property	2,689,895	2,730,343	3,504,765	774,422
Intergovernmental revenue	61,196,126	69,785,916	110,287,845	40,501,929
Charges for services	38,322,027	38,456,623	39,924,682	1,468,059
Miscellaneous revenue	1,575,501	1,648,059	2,166,623	518,564
Total revenues	188,381,457	196,986,123	220,886,336	23,900,213
Expenditures: General				
Assessor				
Salaries and employee benefits	3,520,725	3,520,725	3,407,650	113,075
Services and supplies	79,593	79,593	60,232	19,361
Other charges	213,580	213,580	193,193	20,387
Expenditure transfer	65,031	65,031	47,086	17,945
Total expenditures	3,878,929	3,878,929	3,708,161	170,768
Assessor Property Tax Computer				
Salaries and employee benefits	88,239	88,239	82,459	5,780
Services and supplies	370,534	370,534	331,749	38,785
Other charges	2,000	2,000	367	1,633
Total expenditures	460,773	460,773	414,575	46,198
Auditor-Controller				
Salaries and employee benefits	3,292,432	3,313,432	3,129,273	184,159
Services and supplies	147,428	166,428	74,876	91,552
Other charges	132,960	132,960	105,928	27,032
Expenditure transfer	(199,300)	(199,300)	(97,731)	(101,569)
Total expenditures	3,373,520	3,413,520	3,212,346	201,174
Board of Supervisors				
Salaries and employee benefits	664,836	694,284	672,789	21,495
Services and supplies	70,097	138,451	134,850	3,601
Other charges	30,800	21,743	17,842	3,901
Expenditure transfer	15,661	15,661	14,685	976
Total expenditures	781,394	870,139	840,166	29,973
Clerk of the Board				
Salaries and employee benefits	308,114	304,907	293,473	11,434
Services and supplies	18,469	22,026	20,340	1,686
Other charges	22,133	25,783	21,918	3,865
Expenditure transfer	8,436	8,436	6,718	1,718
Total expenditures	357,152	361,152	342,449	18,703
Chief Executive				
Salaries and employee benefits	3,947,446	4,006,432	3,646,208	360,224
Services and supplies	1,715,124	1,293,124	111,100	1,182,024
Other charges	283,472	283,472	131,670	151,802
Expenditure transfer	25,067	25,067	1,608	23,459
Total expenditures	5,971,109	5,608,095	3,890,586	1,717,509

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2005

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
Economic Development				
Services and supplies	299,781	314,781	269,083	45,698
Other charges	16,311	16,311	(587)	16,898
Total expenditures	316,092	331,092	268,496	62,596
Purchasing Agent				
Salaries and employee benefits	497,306	497,306	406,433	90,873
Services and supplies	20,367	20,367	8,191	12,176
Other charges	22,800	22,800	18,219	4,581
Expenditure transfer	8,642	8,642	7,730	912
Total expenditures	549,115	549,115	440,573	108,542
C.A.R.E. Unit				
Services and supplies	89,662	89,662	4,657	85,005
Other charges	9,100	9,100	4,914	4,186
Expenditure transfer	14,230	14,230	13,083	1,147
Total expenditures	112,992	112,992	22,654	90,338
Risk Management				
Salaries and employee benefits	1,230,952	1,230,952	1,171,243	59,709
Services and supplies	29,493	29,493	20,012	9,481
Other charges	58,400	58,400	46,514	11,886
Expenditure transfer	5,352	5,352	4,954	398
Total expenditures	1,324,197	1,324,197	1,242,723	81,474
Capital Improvement Financing Authority				
Salaries and employee benefits	100,000	100,000	100,000	
Services and supplies	155,528	155,528	76,696	78,832
Total expenditures	255,528	255,528	176,696	78,832
Plant Acquisition				
Salaries and employee benefits	72,745	86,245	12,003	74,242
Services and supplies	837,985	733,677	98,022	635,655
Other charges	55,820	119,850	119,277	573
Expenditure transfer		190	190	
Fixed assets	939,000	840,000	(99,000)	939,000
Total expenditures	1,905,550	1,779,962	130,492	1,649,470
Appropriations for Contingencies				
Appropriations for contingencies	5,112,266	3,493,795	(12,654)	3,506,449
Total expenditures	5,112,266	3,493,795	(12,654)	3,506,449

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2005

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
County Facilities				
Services and supplies	399,089	370,231	123,648	246,583
Other charges	39,028	25,286	(13,785)	39,071
Expenditure transfer		2,600	1,080	1,520
Total expenditures	438,117	398,117	110,943	287,174
Elections Division				
Salaries and employee benefits	609,200	646,442	548,591	97,851
Services and supplies	596,901	4,208,315	4,109,277	99,038
Other charges	56,791	58,291	34,300	23,991
Expenditure transfer	90,333	70,385	71,603	(1,218)
Fixed assets		26,178	26,178	
Total expenditures	1,353,225	5,009,611	4,789,949	219,662
County Counsel				
Salaries and employee benefits	1,648,453	1,733,472	1,637,526	95,946
Services and supplies	65,709	66,009	55,489	10,520
Other charges	38,110	37,810	33,436	4,374
Expenditure transfer	22,876	22,876	20,763	2,113
Total expenditures	1,775,148	1,860,167	1,747,214	112,953
Treasurer and Tax Collector				
Salaries and employee benefits	784,007	774,007	721,357	52,650
Services and supplies	242,505	289,063	188,060	101,003
Other charges	131,860	100,302	97,911	2,391
Expenditure transfer	82,286	82,286	36,166	46,120
Total expenditures	1,240,658	1,245,658	1,043,494	202,164
Collections				
Salaries and employee benefits	1,057,083	1,057,083	992,071	65,012
Services and supplies	143,046	123,046	114,050	8,996
Other charges	162,795	182,795	167,874	14,921
Expenditure transfer	(657,422)	(657,422)	(566,433)	(90,989)
Total expenditures	705,502	705,502	707,562	(2,060)
CEO Match - Other Agencies				
Other charges	1,212,434	1,688,100	1,688,086	14
Total expenditures	1,212,434	1,688,100	1,688,086	14
CEO HCD Grant				
Services and supplies	500		(500)	500
Total expenditures	500		(500)	500

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2005

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
Treasury				
Salaries and employee benefits	274,413	277,961	266,543	11,418
Services and supplies	160,576	167,776	156,428	11,348
Other charges	25,580	40,280	36,830	3,450
Expenditure transfer	167,964	167,964	166,830	1,134
Fixed assets	60,000	60,000	60,000	
Total expenditures	688,533	713,981	686,631	27,350
Facility Maintenance				
Salaries and employee benefits	2,911,645	2,876,645	2,805,261	71,384
Services and supplies	3,645,697	4,468,166	4,395,920	72,246
Other charges	211,593	171,593	141,660	29,933
Expenditure transfer	(1,712,716)	(2,085,331)	(2,221,747)	136,416
Total expenditures	5,056,219	5,431,073	5,121,094	309,979
CEO - Econ Development Bank				
Services and supplies	3,093,484	2,772,184	754,161	2,018,023
Other charges		321,300	321,300	
Total expenditures	3,093,484	3,093,484	1,075,461	2,018,023
Expenditures: Public Protection				
Agricultural Commissioner				
Salaries and employee benefits	2,404,688	2,398,208	2,326,595	71,613
Services and supplies	220,097	307,103	249,527	57,576
Other charges	148,750	148,250	141,709	6,541
Expenditure transfer	156,320	169,800	169,558	242
Fixed assets		15,815		15,815
Total expenditures	2,929,855	3,039,176	2,887,389	151,787
Animal Services				
Salaries and employee benefits	1,851,583	1,862,853	1,797,373	65,480
Services and supplies	352,172	383,042	376,660	6,382
Other charges	196,599	196,599	195,640	959
Expenditure transfer	26,920	1,050	740	310
Total expenditures	2,427,274	2,443,544	2,370,413	73,131
Office of Emergency Services				
Salaries and employee benefits	552,113	524,232	397,567	126,665
Services and supplies	89,428	92,728	74,976	17,752
Other charges	632,695	707,697	671,067	36,630
Expenditure transfer		20	10	10
Total expenditures	1,274,236	1,324,677	1,143,620	181,057
County Court Funding				
Services and supplies	168,061	168,061	159,500	8,561
Other charges	6,458,208	6,517,317	6,424,225	93,092
Expenditure transfer	751,134	922,035	963,138	(41,103)
Total expenditures	7,377,403	7,607,413	7,546,863	60,550

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2005

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Protection				
Recorder Division				
Salaries and employee benefits	1,368,687	1,368,687	1,194,703	173,984
Services and supplies	219,138	111,138	89,090	22,048
Other charges	176,828	199,828	194,241	5,587
Expenditure transfer	110,483	90,535	91,727	(1,192)
Fixed assets	24,300	2,300	(22,000)	24,300
Total expenditures	1,899,436	1,772,488	1,547,761	224,727
District Attorney				
Salaries and employee benefits	9,523,487	9,449,190	9,099,054	350,136
Services and supplies	280,264	783,511	778,919	4,592
Other charges	454,885	454,885	452,485	2,400
Expenditure transfer	60,670	75,611	72,661	2,950
Total expenditures	10,319,306	10,763,197	10,403,119	360,078
Planning				
Salaries and employee benefits	1,227,418	1,279,418	1,195,544	83,874
Services and supplies	659,352	607,352	274,017	333,335
Other charges	33,630	33,630	27,290	6,340
Expenditure transfer	16,828	16,828	15,278	1,550
Total expenditures	1,937,228	1,937,228	1,512,129	425,099
Probation				
Salaries and employee benefits	1,426,234	1,366,234	1,209,807	156,427
Services and supplies	530,631	456,311	239,108	217,203
Other charges	962,587	748,907	295,417	453,490
Expenditure transfer	1,000	4,000	1,690	2,310
Fixed assets	16,000	56,000	28,106	27,894
Total expenditures	2,936,452	2,631,452	1,774,128	857,324
Probation - Casework				
Salaries and employee benefits	7,048,355	7,198,355	6,774,425	423,930
Services and supplies	321,213	321,213	268,940	52,273
Other charges	168,210	203,210	188,779	14,431
Expenditure transfer	96,380	186,380	178,560	7,820
Fixed assets	124,000	157,000	129,626	27,374
Total expenditures	7,758,158	8,066,158	7,540,330	525,828
Probation - Institutions				
Salaries and employee benefits	5,209,008	5,119,008	4,829,788	289,220
Services and supplies	686,683	686,683	580,414	106,269
Other charges	145,219	160,219	139,148	21,071
Expenditure transfer	190,070	205,070	201,591	3,479
Fixed assets	28,000	85,000	63,787	21,213
Total expenditures	6,258,980	6,255,980	5,814,728	441,252
Public Defender				
Salaries and employee benefits	3,903,418	4,042,459	3,905,952	136,507
Services and supplies	432,605	276,867	219,070	57,797
Other charges	192,670	192,670	185,750	6,920
Expenditure transfer	88,810	182,247	157,281	24,966
Fixed assets	1,617	1,617	(1,617)	3,234
Total expenditures	4,619,120	4,695,860	4,466,436	229,424

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2005

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Protection				
Indigent Defense				
Services and supplies	1,896,636	2,196,636	2,194,356	2,280
Total expenditures	1,896,636	2,196,636	2,194,356	2,280
Sheriff's Administration				
Salaries and employee benefits	1,601,569	1,794,340	1,673,197	121,143
Services and supplies	456,879	485,379	413,485	71,894
Other charges	178,450	227,551	218,661	8,890
Total expenditures	2,236,898	2,507,270	2,305,343	201,927
Sheriff's Operations				
Salaries and employee benefits	22,750,455	22,848,544	21,486,129	1,362,415
Services and supplies	1,980,393	1,976,893	1,698,297	278,596
Other charges	2,796,448	3,379,746	3,254,843	124,903
Expenditure transfer	(352,420)	(345,420)	(345,617)	197
Fixed assets	108,308	108,308	71,688	36,620
Total expenditures	27,283,184	27,968,071	26,165,340	1,802,731
Sheriff's Detention				
Salaries and employee benefits	22,309,832	23,184,997	22,077,931	1,107,066
Services and supplies	3,574,213	3,176,765	2,788,937	387,828
Other charges	875,290	1,042,410	986,738	55,672
Expenditure transfer	396,358	780,081	747,254	32,827
Total expenditures	27,155,693	28,184,253	26,600,860	1,583,393
Court Security				
Salaries and employee benefits	2,744,348	2,795,320	2,651,355	143,965
Services and supplies	8,000	8,000	7,894	106
Other charges	3,350	3,350	3,312	38
Expenditure transfer	56,450	56,450	56,878	(428)
Total expenditures	2,812,148	2,863,120	2,719,439	143,681
Sheriff's Contract Cities				
Salaries and employee benefits	4,322,940	4,381,067	4,155,968	225,099
Services and supplies	170,486	160,586	113,002	47,584
Other charges	838,510	838,510	742,818	95,692
Expenditure transfer	37,800	37,800		37,800
Fixed assets		9,900	9,417	483
Total expenditures	5,369,736	5,427,863	5,021,205	406,658
Grand Jury				
Salaries and employee benefits	45,259	45,259	41,081	4,178
Services and supplies	45,147	45,147	35,970	9,177
Other charges	5,598	5,598	5,242	356
Expenditure transfer	2,920	3,477	2,993	484
Total expenditures	98,924	99,481	85,286	14,195

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2005

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Protection				
CEO Ray Simon Training Center				
Services and supplies	33,000	33,000	9,496	23,504
Other charges	5,940	5,940	5,168	772
Expenditure transfer	267,251	275,868	278,302	(2,434)
Total expenditures	306,191	314,808	292,966	21,842
Expenditures: Public Ways and Facilities				
Airport				
Services and supplies		129,863	129,863	
Total expenditures		129,863	129,863	
CEO Crows Landing Air Facility				
Services and supplies	336,035	808,035	471,999	336,036
Total expenditures	336,035	808,035	471,999	336,036
Expenditures: Health and Sanitation				
CEO Jail Medical				
Services and supplies	4,663,434	4,735,992	4,707,231	28,761
Total expenditures	4,663,434	4,735,992	4,707,231	28,761
Expenditures: Public Assistance				
Veteran's Services				
Salaries and employee benefits	253,215	253,215	242,793	10,422
Services and supplies	15,148	17,746	13,756	3,990
Other charges	13,130	13,130	10,636	2,494
Expenditure transfer	3,310	3,310	4,006	(696)
Fixed assets				
Total expenditures	284,803	287,401	271,191	16,210
CEO Community Support				
Services and supplies	30,000	42,401	41,908	493
Total expenditures	30,000	42,401	41,908	493
Expenditures: Education				
Cooperative Extension				
Salaries and employee benefits	274,199	278,434	223,276	55,158
Services and supplies	30,087	30,087	15,747	14,340
Other charges	43,560	43,560	32,036	11,524
Expenditure transfer	34,770	44,254	56,283	(12,029)
Fixed assets		20,000	3,729	16,271
Total expenditures	382,616	416,335	331,071	85,264

(Continued)

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2005

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Recreation and Cultural Services				
Parks and Recreation				
Salaries and employee benefits	2,647,872	2,652,072	2,205,439	446,633
Services and supplies	1,006,006	1,132,818	942,053	190,765
Other charges	449,460	477,317	458,497	18,820
Expenditure transfer	398,725	408,889	404,218	4,671
Fixed assets	273,020	273,020	(218,800)	491,820
Total expenditures	4,775,083	4,944,116	3,791,407	1,152,709
Parks - Master Plan				
Services and supplies	317,445	317,445	(12,831)	330,276
Total expenditures	317,445	317,445	(12,831)	330,276
Tuolumne River Regional Park				
Services and supplies	179,908	180,118	180,118	
Total expenditures	179,908	180,118	180,118	
Expenditures: Debt Service				
Debt Service				
Expenditure transfer	(626,104)	(562,948)	(562,944)	(4)
Total expenditures	(626,104)	(562,948)	(562,944)	(4)
Tax Revenue Anticipation Note				
Services and supplies			3,042	(3,042)
Other charges			923,523	(923,523)
Total expenditures			926,565	(926,565)
Total Expenditures - General Fund	167,202,515	173,982,415	154,314,486	19,667,929
Excess of revenue over expenditures	21,178,942	23,003,708	66,571,850	43,568,142
Other financing sources (uses):				
Transfers in	3,382,806	4,545,203	4,113,809	(431,394)
Transfers out	(42,605,237)	(46,148,560)	(49,566,182)	(3,417,622)
Sale of capital assets			697	697
Total other financing sources (uses)	(39,222,431)	(41,603,357)	(45,451,676)	(3,848,319)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(18,043,489)	(18,599,649)	21,120,174	39,719,823
Fund balance -- beginning	36,366,879	33,018,021	59,326,523	26,308,502
Fund balance -- ending	$ 18,323,390	$ 14,418,372	$ 80,446,697	$ 66,028,325

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
Behavioral Health and Recovery - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2005

	Budgeted Amounts		Actual amount on the	Variance with
	Original Budget	Final Budget	Budgetary basis	Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 82,500	$ 82,500	$ 88,057	$ 5,557
Revenue from use of money and property	203,500	41,000	112,885	71,885
Intergovernmental revenue	32,233,374	32,550,205	27,878,492	(4,671,713)
Charges for services	19,113,646	19,964,535	20,065,626	101,091
Miscellaneous revenue	91,034	41,034	26,039	(14,995)
Total revenues	51,724,054	52,679,274	48,171,099	(4,508,175)
Expenditures				
Public Protection				
Salaries and employee benefits	764,467	764,467	731,762	32,705
Services and supplies	94,120	94,120	53,104	41,016
Other charges	124,042	124,042	134,773	(10,731)
Expenditure transfer	202,682	202,682	100,802	101,880
Total Public Protection	1,185,311	1,185,311	1,020,441	164,870
Health and Sanitation				
Salaries and employee benefits	26,941,613	26,602,071	25,483,355	1,118,716
Services and supplies	29,396,200	31,737,429	28,952,693	2,784,736
Other charges	4,244,458	4,061,624	3,773,247	288,377
Fixed assets	50,000	50,000		50,000
Expenditure transfer	(202,682)	(196,971)	(100,802)	(96,169)
Total Health and Sanitation	60,429,589	62,254,153	58,108,493	4,145,660
Total expenditures	61,614,900	63,439,464	59,128,934	4,310,530
Deficiency of revenues under expenditures	(9,890,846)	(10,760,190)	(10,957,835)	(197,645)
Other financing sources (uses)				
Transfers in	8,215,174	10,152,663	10,355,771	203,108
Transfers out	(886,689)	(485,148)	(1,140,446)	(655,298)
Total other financing sources (uses)	7,328,485	9,667,515	9,215,325	(452,190)
Deficiency of revenues and other financing sources under expenditures and other financing uses	(2,562,361)	(1,092,675)	(1,742,510)	(649,835)
Fund balance - beginning	5,525,604	5,525,604	5,525,604	
Fund balance - ending	$ 2,963,243	$ 4,432,929	$ 3,783,094	$ (649,835)

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balance
Community Services Agency - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2005

	Budgeted Amounts		Actual amount on the	Variance with
	Original Budget	Final Budget	Budgetary basis	Final Budget
Revenues				
Licenses, permits and franchises	$ 68,157	$ 68,157	$ 63,323	$ (4,834)
Revenue from use of money and property			1,847	1,847
Intergovernmental revenue	203,104,475	206,613,164	192,033,372	(14,579,792)
Charges for services	1,094,911	836,134	1,583,957	747,823
Miscellaneous revenue	1,629,279	1,565,713	1,018,335	(547,378)
Total revenues	205,896,822	209,083,168	194,700,834	(14,382,334)
Expenditures				
Public Assistance				
Salaries and employee benefits	58,288,599	57,733,755	50,259,691	7,474,064
Services and supplies	12,334,671	11,993,956	9,740,765	2,253,191
Other charges	143,493,094	147,648,356	139,840,031	7,808,325
Fixed assets	254,500	254,500	95,190	159,310
Total expenditures	214,370,864	217,630,567	199,935,677	17,694,890
Deficiency of revenues under expenditures	(8,474,042)	(8,547,399)	(5,234,843)	3,312,556
Other financing sources (uses)				
Transfers in	8,113,334	8,676,588	6,918,275	(1,758,313)
Transfers out	(180,571)	(757,191)	(1,389,105)	(631,914)
Total other financing sources (uses)	7,932,763	7,919,397	5,529,170	(2,390,227)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(541,279)	(628,002)	294,327	922,329
Fund balance - beginning	924,614	924,614	924,614	
Fund balance - ending	$ 383,335	$ 296,612	$ 1,218,941	$ 922,329

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
ASSETS:						
Current Assets						
Cash and investments	$ 7,637,720	$ 1,654,847	$	$ 1,585,643	$ 10,878,210	$ 21,103,947
Accounts receivable, net	677,252		9,185,933	3,218,777	13,081,962	558,004
Interest and other receivables	71,866	16,199		7,727	95,792	68,924
Inventory			557,461	9,708	567,169	333,368
Deposit with others						606,352
Due from other funds			756,390	997,739	1,754,129	
Prepaid items			88,180		88,180	13,658
Total current assets	8,386,838	1,671,046	10,587,964	5,819,594	26,465,442	22,684,253
Noncurrent assets						
Investments with fiscal agent			159,154		159,154	
Restricted cash and investments	12,903,678	3,507,769			16,411,447	
Capital assets						
Land	14,399,808	1,906,261			16,306,069	
Structures and improvements	54,587		11,926,855	7,417,746	19,399,188	990,773
Equipment	677,098	14,239	6,942,964	3,281,976	10,916,277	18,678,413
Less: Accumulated depreciation	(628,944)	(4,450)	(15,682,299)	(2,781,581)	(19,097,274)	(13,714,897)
Net capital assets	14,502,549	1,916,050	3,187,520	7,918,141	27,524,260	5,954,289
Total noncurrent assets	27,406,227	5,423,819	3,346,674	7,918,141	44,094,861	5,954,289
Total assets	$ 35,793,065	$ 7,094,865	$ 13,934,638	$ 13,737,735	$ 70,560,303	$ 28,638,542
LIABILITIES:						
Current liabilities						
Accounts payable	$ 540,443	$ 193,991	$ 1,214,107	$ 801,136	$ 2,749,677	$ 1,470,305
Interfund note payable - current			1,366,616		1,366,616	
Salaries and benefits payable	46,166		1,000,564	505,498	1,552,228	182,565
Due to other funds				3,830,067	3,830,067	465,386
Deposits from others	28,617				28,617	
Risk management liability - current						9,306,684
Capital leases - current			163,986		163,986	35,611
Compensated absences - current	2,310		78,224	18,808	99,342	467,274
Long-term obligations - current			146,688		146,688	
Total current liabilities	617,536	193,991	3,970,185	5,155,509	9,937,221	11,927,825
Noncurrent liabilities						
Estimated cost of landfill closure/postclosure	4,224,856	10,980,238			15,205,094	
Interfund note payable			20,435,493		20,435,493	
Risk management liability						12,248,429
Capital leases payable			212,076		212,076	3,051
Compensated absences	143,937		1,219,223	590,870	1,954,030	
Long term obligations			1,034,456		1,034,456	
Total noncurrent liabilities	4,368,793	10,980,238	22,901,248	590,870	38,841,149	12,251,480
Total liabilities	4,986,329	11,174,229	26,871,433	5,746,379	48,778,370	24,179,305
NET ASSETS (DEFICIT):						
Invested in capital assets, net of related debt	14,502,549	1,916,050	1,630,314	7,918,141	25,967,054	5,915,627
Restricted	12,945,561	3,518,540			16,464,101	
Unrestricted	3,358,626	(9,513,954)	(14,567,109)	73,215	(20,649,222)	(1,456,390)
Total net assets (deficit)	$ 30,806,736	$ (4,079,364)	$ (12,936,795)	$ 7,991,356	21,781,933	$ 4,459,237
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,378,565	
Net assets of business type activities					$ 23,160,498	

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	$ 5,420,921	$	$ 33,925,990	$ 17,631,150	$ 56,978,061	$ 56,378,491
Miscellaneous			4,218,090		4,218,090	
Total operating revenues	5,420,921		38,144,080	17,631,150	61,196,151	56,378,491
Operating expenses:						
Salaries and benefits	1,035,547		20,513,745	10,991,195	32,540,487	4,182,814
Services and supplies	4,369,823		19,524,160	9,608,643	33,502,626	47,290,160
Depreciation	30,667	712	704,012	438,205	1,173,596	1,241,364
Estimated cost of closure/postclosure	(1,657,124)	2,935			(1,654,189)	
Total operating expenses	3,778,913	3,647	40,741,917	21,038,043	65,562,520	52,714,338
Operating income (loss)	1,642,008	(3,647)	(2,597,837)	(3,406,893)	(4,366,369)	3,664,153
Nonoperating revenues (expenses)						
Investment earnings	902,545	111,740	11,464	31,298	1,057,047	438,670
Interest expense			(557,275)	(34,502)	(591,777)	(6,354)
Gain on sale of capital assets						28,873
Intergovernmental			573,736	2,794,752	3,368,488	
Total nonoperating revenues	902,545	111,740	27,925	2,791,548	3,833,758	461,189
Income (loss) before capital contributions and transfers	2,544,553	108,093	(2,569,912)	(615,345)	(532,611)	4,125,342
Transfers in	28,156	450,306	9,695,819	465,961	10,640,242	102,221
Transfers out	(477,125)		(7,041,569)	(1,679,768)	(9,198,462)	(219,809)
Capital contributions				2,106,894	2,106,894	80,000
Changes in net assets	2,095,584	558,399	84,338	277,742	3,016,063	4,087,754
Total net assets (deficit) - beginning	28,711,152	(4,637,763)	(13,021,133)	7,713,614		371,483
Total net assets (deficit) - ending	$ 30,806,736	$ (4,079,364)	$ (12,936,795)	$ 7,991,356		$ 4,459,237
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(953,049)	
Change in net assets of business type activities					$ 2,063,014	

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Landfill	Geer Road Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	$ 5,599,062	$	$ 39,136,520	$ 17,733,603	$ 62,469,185	$
Cash received from interfund services			526,375		526,375	56,091,750
Cash paid to suppliers	(3,971,687)	(450,372)	(19,943,059)	(9,603,991)	(33,969,109)	(47,662,534)
Cash paid to employees	(1,035,317)		(20,544,650)	(10,952,506)	(32,532,473)	(4,179,648)
Net cash provided (used) by operating activities	592,058	(450,372)	(824,814)	(2,822,894)	(3,506,022)	4,249,568
Cash flows from noncapital financing activities:						
Transfers in	28,156	450,306	9,695,819	465,961	10,640,242	102,221
Payment on interfund note payable			(1,254,985)		(1,254,985)	
Borrowed from other funds				918,527	918,527	
Repaid to other funds						(1,061,818)
Subsidy from state and federal grant			573,736	4,901,646	5,475,382	
Transfers out	(477,125)		(7,041,569)	(1,679,768)	(9,198,462)	(219,809)
Net cash provided (used) by noncapital financing activities	(448,969)	450,306	1,973,001	4,606,366	6,580,704	(1,179,406)
Cash flows from capital and related financing activities:						
Sale of capital assets						28,873
Purchase of capital assets			(145,966)	(2,527,289)	(2,673,255)	(1,663,143)
Capital contributions						80,000
Principal payment - capital leases			(305,898)	(5,911)	(311,809)	(128,883)
Principal payment - long term debt			(139,048)		(139,048)	
Interest paid			(557,275)	(34,502)	(591,777)	(6,354)
Net cash (used) by capital and related financing activities			(1,148,187)	(2,567,702)	(3,715,889)	(1,689,507)
Cash flows from investing activities:						
Interest received	902,545	111,740		31,298	1,045,583	438,670
Net cash provided by investing activities	902,545	111,740		31,298	1,045,583	438,670
Net increase (decrease) in cash and cash equivalents	1,045,634	111,674		(752,932)	404,376	1,819,325
Cash and equivalents - beginning	19,495,764	5,050,942		2,338,575	26,885,281	19,284,622
Cash and equivalents - ending	$ 20,541,398	$ 5,162,616	$	$ 1,585,643	$ 27,289,657	$ 21,103,947
Reconciliation of cash and cash equivalents to the Statement of Net Assets						
Cash and investments	$ 7,637,720	$ 1,654,847	$	$ 1,585,643	$ 10,878,210	$ 21,103,947
Restricted cash and investments	12,903,678	3,507,769			16,411,447	
Total cash and cash equivalents	$ 20,541,398	$ 5,162,616	$	$ 1,585,643	$ 27,289,657	$ 21,103,947

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Landfill	Geer Road Landfill	Health Clinics and Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ 1,642,008	$ (3,647)	$ (2,597,837)	$ (3,406,893)	$ (4,366,369)	$ 3,664,153
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	30,667	712	704,012	438,205	1,173,596	1,241,364
(Increase) decrease in accounts receivable	175,186		992,440	344,454	1,512,080	(285,752)
(Increase) decrease in other receivables	2,955	1,685		3,478	8,118	(989)
(Increase) decrease in inventory			30,246	29,798	60,044	(82,689)
(Increase) decrease in prepaid items			113,253		113,253	(13,658)
(Increase) decrease in due from other funds			526,375	(245,479)	280,896	
(Increase) decrease in deposits with others						36,203
Increase (decrease) in accounts payable and accrued liabilities	398,136	168,575	(562,398)	(25,146)	(20,833)	235,802
Increase (decrease) in salaries and benefits payable	3,468		20,436	(9,504)	14,400	3,742
Increase (decrease) in liability for compensated absences	(3,238)		(51,341)	48,193	(6,386)	(576)
Increase (decrease) in estimated cost of closure/postclosure	(1,657,124)	(617,697)			(2,274,821)	
Increase (decrease) in risk management liability						(548,032)
Net cash provided (used) by operating activities	$ 592,058	$ (450,372)	$ (824,814)	$ (2,822,894)	$ (3,506,022)	$ 4,249,568

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Employees' Retirement Trust	Investment Trust	Agency Funds
ASSETS			
Cash and investments	$ 25,307,741	$ 532,682,212	$ 13,124,697
Accounts receivable (net of allowance for uncollectables)	10,225,946	3,230,634	1,327
Interest and other receivable		1,853,303	44
Interfund note receivable		21,802,109	
Other assets	654,664	3,938,388	
Other investments	1,327,213,324		
Total assets	1,363,401,675	563,506,646	13,126,067
LIABILITIES			
Accounts payable	187,138,019	7,822,182	95,687
Salaries and benefits payable		558,048	
Trust obligations		6,607,524	13,030,381
Total liabilites	187,138,019	14,987,754	13,126,067
NET ASSETS			
Net assets held in trust for pension benefits/investment pool participants	$ 1,176,263,656	$ 548,518,892	$

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2005

	Employees' Retirement Trust	Investment Trust
Additions:		
Contributions:		
Employer contributions	$ 19,792,748	$
Member contributions	19,088,340	
Contributions on pooled investments		3,042,898,467
Total contributions	38,881,088	3,042,898,467
Investment income:		
Net appreciation in fair value	60,546,322	
Interest	32,938,537	11,362,481
Dividends	3,316,479	
Miscellaneous income	249,166	
Less investment expense	(6,347,310)	
Net investment income	90,703,194	11,362,481
Total additions	129,584,282	3,054,260,948
Deductions:		
Benefit payments	53,176,109	
Refunds of prior contributions	2,347,241	
Distributions from pooled investments		2,973,982,489
Administrative expense	1,404,838	
Total deductions	56,928,188	2,973,982,489
Change in net assets	72,656,094	80,278,459
Net assets held in trust - beginning	1,103,607,562	468,240,433
Net assets held in trust - ending	$ 1,176,263,656	$ 548,518,892

The accompanying notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of the County of Stanislaus (the County) is presented to assist in understanding the County's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, legally separate entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

Reported component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Each component unit has a June 30th year-end.

Blended Component Units

1. Redevelopment Agency of the County of Stanislaus ("Agency"): The Agency was established by the County as a separate legal entity in accordance with state law. It is governed by the five members of the County Board of Supervisors. The purpose of the Agency is to acquire, rehabilitate, and revitalize property within legally designated redevelopment areas. The Agency provides service solely to the County and is reported as a capital projects fund.

2. Stanislaus County Capital Improvements Financing Authority ("Authority"): The Authority was established on September 1, 1989, as a separate legal entity whose sole purpose is to provide financing for various County capital projects. It is governed by the five members of the County Board of Supervisors. The activity for the Authority is reported as a debt service fund.

3. Lighting Districts: The County has 26 different, legally separate lighting districts whose boards are the same as the County Board of Supervisors. The County's approval is needed to set the districts' budget and to set assessment rates. The activity for the lighting districts is reported in a special revenue fund.

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Reporting Entity** (continued)

Blended Component Units (continued)

4. Stanislaus County Tobacco Funding Corporation ("Stanislaus Corporation"): The Stanislaus Corporation was established per Board resolution on November 7, 2000 as a separate legal entity pursuant to California Corporations Code. Three directors, two from the County and one independent, govern it. Its purpose is to acquire from the County all of the rights of the County future tobacco settlement payments and to borrow money secured by the County tobacco assets on behalf of the California County Tobacco Securitization Agency (see Note 16). The Corporation provides service solely to the County and is reported as a debt service fund.

5. In-Home Supportive Services Public Authority of Stanislaus County ("Public Authority"): The Public Authority was established on December 9, 2004 as a separate legal entity pursuant to Welfare and Institutions Code Section 12301.6. It is governed by the five members of the County Board of Supervisors. The purpose of the Public Authority is to implement the goals and objectives of the In-Home Supportive Services Program. The Public Authority is reported as a special revenue fund.

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

In the government-wide statements, eliminations have been made to minimize the double counting of certain internal activities. In the statement of net assets, all internal balances have been eliminated except those representing the net balance due between governmental and business type activities. This residual balance is reported as "internal balances." In the statement of activities, direct expenses such as services provided and used are not eliminated, but internal service fund activity has been eliminated.

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Government-Wide Financial Statements (continued)

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated administrative overhead. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category–*governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, health and sanitation, public assistance, education and recreation services.

- The *Tobacco Settlement Fund* was established to account for the proceeds from securitizing the County's share of tobacco settlement revenues. Currently the proceeds are restricted to use for capital expenditures. The intent is to preserve the initial amount and to distribute 80% of the annual investment earnings to the General Fund.

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

- The *Behavioral Health and Recovery Fund* was established to provide mental health services to the residents of the County under the provisions of Welfare and Institutions Codes 5600 and 5000. This includes residential/support treatment services, outpatient treatment services, and an array of education and prevention services. The primary source of revenues is from intergovernmental sources and charges for services.

- The *Community Services Agency Fund* was established for the administration of the three major public social programs including financial assistance, social services, and employment services. Intergovernmental revenue is the primary source of financing for this fund.

- *Public Facility Fees* were established by the Board of Supervisors adoption of Resolution No. 89-1724 for the purpose of reducing the impact of a growing community on existing County resources. The fees are charged to new development based on the need for facilities to maintain the existing level of service. The fee benefits the following departments and programs: roads, detention, criminal justice, library, parks, public and mental health, emergency services, animal services and sheriff.

The County reports the following major enterprise funds:

- The *Fink Road Sanitary Landfill Fund* was established to account for the operation of Fink Road Sanitary Landfill, which provides a dumping site for the disposal of solid wastes. Revenues are derived from fees generated for the disposal of waste at the site.

- The *Geer Road Sanitary Landfill Fund* was established to account for the operation of Geer Road Sanitary Landfill, which provided a dumping site for the disposal of solid waste. The landfill is owned jointly with the City of Modesto.

- The *Health Clinics and Ancillary Services Fund* was established to account for health care operations in outpatient clinics throughout the County. Revenues are derived from fees for patient services, payments from federal and state programs such as Medicare and Medi-Cal, private insurance, and subsidies from the County.

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance, communication, technology, and other services provided to departments or other governments. They also account for self-insurance programs – worker's compensation, long-term disability, employee benefits, and personal injury and property damage on a cost-reimbursement basis.

- The *Employees' Retirement Trust* accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the Stanislaus County Employees Retirement Association (StanCERA).

- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer in an investment portfolio for the benefit of all participants. These entities include school and community college districts and other special districts governed by local boards, regional boards and authorities. The fund represents the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- The *Agency Funds* account for assets held by the County as an agent for individuals, private organizations, or other governments.

C. **Basis of Accounting**

The government-wide, proprietary, pension and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Accounting** (continued)

taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). The County considers revenues available if they are collected within 180 days after year-end, except for property taxes. Property taxes are considered available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes generally accepted accounting principles for governmental units.

D. **Non-Current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide statement of net assets.

E. **Budgetary Basis of Accounting**

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized

Note 1: **Summary of Significant Accounting Policies** (continued)

E. **Budgetary Basis of Accounting** (continued)

expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for the General Fund and all special revenue funds except the Tobacco Settlement Fund. An operating balanced budget is adopted for the capital project funds for the life of the project, except for the Redevelopment Agency, the Courthouse Construction Fund and the Criminal Justice Facilities Fund, which adopt an operating budget each fiscal year. Expenditures are controlled at the object level within budget units. A budget unit may be (1) a single department, (2) a division of a large department having multiple divisions, or (3) an entire fund. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any transfers of appropriations between object levels within the same budget unit may be authorized by the County Executive Office. Budget amendments or supplementary appropriations normally financed by unanticipated revenues during the year or transfers of appropriations between budget units must be approved by the Board of Supervisors. Budgeted amounts in the budgetary comparison schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budgets for the governmental funds may include an object level known as "expenditure transfers". This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances and commitments are budgeted as expenditures.

The following schedule reconciles the amounts on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances:

		Special Revenue Funds	
	General Fund	Behavioral Health and Recovery	Community Services Agency
Total expenditures (budgetary basis)	$ 154,314,486	$ 59,128,934	$ 199,935,677
Basis difference - net addition of 2003/04 encumbrances and commitments minus 2004/05 encumbrances and commitments	(2,180,211)	348,845	468
Total Expenditures (GAAP)	$ 152,134,275	$ 59,477,779	$ 199,936,145

Note 1: **Summary of Significant Accounting Policies** (continued)

F. **Cash and Cash Equivalents**

Cash and cash equivalents include cash in bank and investments held by the County Treasurer in a cash management pool. The amounts classified as "Investments with Fiscal Agent" represent loan proceeds held by the trustees for various borrowings (See Note 10) and securitized tobacco settlement proceeds invested outside the County Pool.

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

G. **Investments**

California Government Code Section 53600, et seq., authorizes the County to invest in obligations of the State or any local agency of the State of California, bankers' acceptances, commercial paper, negotiable certificates of deposits, repurchase agreements or reverse repurchase agreements, medium-term notes issued by corporations and the State of California Local Agency Investment Fund. The County may also invest in certain open-ended mutual funds permitted by the Government Code. All investments are carried at fair value until they are within 90 days of maturity at which time they are reported at amortized cost. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund's average daily deposit balance with all remaining interest deposited in the General Fund.

The Employees' Retirement Trust (StanCERA) funds are invested pursuant to policy guidelines established by the Retirement System's Board. The objective of the investment policy is to invest in a manner that provides the safeguards and diversity that a prudent investor would adhere to. The policy of StanCERA is to invest in the following asset classes: Large Cap US Stocks, Small Cap US Stocks, Non US Stocks and Fixed Income.

H. **Deferred Revenue**

The County reports deferred revenue on its financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability of deferred revenue is removed from the financial statements and revenue is recognized.

Note 1: **Summary of Significant Accounting Policies** (continued)

I. **Inventory**

In governmental funds, inventories are valued at cost. In proprietary funds, they are valued at lower of cost or market. Cost is determined by using either the weighted average or the first-in, first-out method. The consumption method of accounting for inventory is used for the governmental funds and the proprietary funds. For the governmental funds, the reserve for inventory indicates that a portion of the fund balance is not an available financial resource (see Note 12).

J. **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

K. **Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain assets (infrastructure) consisting of roads, bridges, lighting systems, drainage systems, and flood control improvements. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year, with the exception of the Health Clinics and Ancillary Services Enterprise Fund. The Health Clinics and Ancillary Services Enterprise Fund defines capital assets as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of three years.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide and proprietary funds statements, with the exception of patrol cars owned by the Fleet Services division. The units of production (miles) method is used for depreciation on patrol cars.

The estimated useful lives are as follows:

Infrastructure	20 to 60 years
Structures and improvements	15 to 60 years
Equipment	3 to 20 years
Patrol cars	100,000 miles

The County has seven networks of infrastructure assets – roads, bridges, lighting system, storm drains, signs, signals and beacons.

Note 1: **Summary of Significant Accounting Policies** (continued)

L. **Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)**

All regular employees of the County earn vacation and sick leave with pay every year. The amount of vacation and sick hours earned is based on the years of continuous service and the bargaining unit to which the employee belongs. All employee bargaining units have vacation accumulation limits. Regular employees are given credit for 8 hours sick leave each month of employment with limited accumulation.

After at least six months of County service, most regular employees, upon separation, are entitled to all unused vacation time accumulation. Most regular employees are entitled to a portion of accumulated sick leave after six years of service, depending on age, years of service, and bargaining unit.

At the close of each fiscal year, the balance of this accumulated time is computed for each employee at the current salary range. In the financial statements, these amounts are referred to as "compensated absences." An average of all termination payments since July 1986 is used to compute the amount that is expected to be liquidated in the next year with expendable available financial resources. This current portion and the balance of the long-term liability are reported in the government-wide and enterprise funds financial statements and are generally liquidated by the General Fund.

M. **Interfund Transactions**

Interfund transactions include loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/due from" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available financial resources.

Services or supplies provided can result, at year-end, in receivables and payables referred to as "due to/from other funds". These receivables and payables are eliminated in the governmental-wide consolidation with residual balances reported as "internal balances" when they are between funds of the County.

Note 1: **Summary of Significant Accounting Policies** (continued)

M. **Interfund Transactions** (continued)

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the government-wide presentation.

N. **Estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Individual Fund Deficits**

Net Asset Deficits - Proprietary Funds	
Enterprise fund - Geer Road Landfill	$ 4,079,364
Enterprise fund - Health Clinics and Ancillary Services	12,936,795
Internal Service fund - Workers' Compensation Insurance	5,568,760
Internal Service fund - Purchased Insurance	5,719
Internal Service fund - Technology and Communications	122,844

The deficit in the Geer Road Landfill is due to the liability for closure/post closure maintenance. This accumulated deficit will be funded with receipts from Fink Road Landfill. The Health Clinics and Ancillary Services Fund deficit is due to the closure of the County hospital inpatient facilities in November 1997. The plan to recover this deficit focuses on transfers from other funds, one-time revenue sources, increased fees for service and dedicated revenue streams.

The internal service fund deficits are due to unexpected expenses in combination with user rates that were too low. These deficits will be funded by increased user charges.

Note 3: **Excess of Actual Expenditures Over Budget in Individual Budget Units**

For the year ended June 30, 2005, expenditures exceeded budget at the department and object level as follows:

Behavioral Health and Recovery Special Revenue Fund:	Object	Excess Expenditures
Public Guardian	Other charges	$ 10,731
Managed Care	Other charges	$ 8,912

Note 3: **Excess of Actual Expenditures Over Budget in Individual Budget Units** (continued)

The above disclosure is based on departmental appropriations as of June 30, 2005. If a department received unanticipated revenue during the fiscal year and did not increase estimated revenue and appropriations, then the positive effect on the departmental budget would not be reflected in the above.

Note 4: **Cash and Investments**

The County maintains a cash and investment pool - Stanislaus County Treasurer's Pool - for the purpose of increasing interest income through investment activities. This pool, which is available for use by all funds, is displayed on the statement of net assets/balance sheet as "cash and investments." The Stanislaus County Treasurer's Pool generally limits participation in the pool to those agencies and districts required to participate by legal provisions of the California State Government Code for those agencies and districts. Voluntary participation is limited to the Stanislaus County Employees Retirement System (StanCERA) and independent special districts, which represent approximately 3% of the pool. While StanCERA participates in the County Treasurer's Pool, the majority of their cash and investments are managed separately from the County Pool. The County has no legally binding guarantees to support the shares in the County Treasurer's Pool.

The share of each fund in the Stanislaus County Treasurer's Pool is separately accounted for and interest is apportioned quarterly based on the relationship of the fund's average daily cash balance to the total of the pooled cash and investments. In accordance with Government Code Section 53647, interest on all money deposited in the County Treasury belongs to the County unless otherwise directed by law or the County Board of Supervisors. The County has numerous funds in which the interest earned is deposited into the General Fund to comply with the above code section.

The Stanislaus County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code section 53600 et. seq. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

In addition to the restrictions and guidelines of the Government Code, cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer and accepted by the Board of Supervisors. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield.

Note 4: **Cash and Investments** (continued)

Total County cash and investments are as follows:

Cash and Investments	
Imprest cash	$ 159,353
Cash in banks-department administered	6,905,086
In custody of Treasurer:	
Cash on hand	135,571
Cash in bank	12,266,548
Investments held by Treasurer	830,037,799
Less outstanding checks	(66,082,047)
Total in custody of Treasurer	776,357,871
Investments held by fiscal agents:	
Tobacco settlement	57,466,537
Tobacco funding corporation	5,869,766
Bond requirements	36,137,200
Total investments held by agents	99,473,503
Employees' retirement trust:	
Cash (outside Treasurer's pool)	23,623,526
Investments	1,327,213,324
Total cash and investments	$ 2,233,732,663
Total County cash & investments are reported as follows:	
Primary government	
Cash and investments	$ 216,547,522
Cash with fiscal agent	99,314,349
Restricted cash & investments	19,542,818
Employees' retirement trust	
Cash and investments	25,307,741
Other investments	1,327,213,324
Investment trust - cash and investments	532,682,212
Agency funds - cash and investments	13,124,697
Total cash and investments	$ 2,233,732,663

Interest Rate Risk - This is the risk of loss due to the fair value of an investment falling because of rising interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

- *Stanislaus County Treasurer's Pool.* The County's policy for interest rate risk allows investments to be sold prior to maturity at a loss if such sale will allow investment in a higher yield vehicle and any loss upon sale can be more than compensated by additional interest earning within a six month period. Of the County's $830 million portfolio, over 77% of the investments have a maturity of 6 months or less. No investment has maturity greater than 4 years.

- *StanCERA's Investment Portfolio.* StanCERA's average effective duration of all fixed income holdings, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus 1.5 years of the Lehman Aggregate bond index duration. At year end the Lehman Aggregate Bond Index was yielding 6.8% with an effective duration of 4.2 years. StanCERA had a yield of 6.3% with an effective duration of 3.2 years.

Note 4: **Cash and Investments** (continued)

Interest Rate Risk (continued)

- *Stanislaus County Tobacco Settlement Investment Portfolio.* This portfolio, under a separate investment policy, includes Municipal bonds with maturities of up to 30 years that are sensitive to interest rate changes. These bonds are all insured, which tends to reduce interest rate risk.

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

- *Stanislaus County Treasurer's Pool.* The County is permitted to hold investments of issuers with a short-term rating of "A-1" and a minimum long-term rating of "A" by two of the top nationally recognized statistical rating organizations (rating agencies). Additionally, the County is permitted to invest in U.S. Treasuries, Government Sponsored Enterprises (Agencies), the State's Local Agency Investment Fund and collateralized certificates of deposit that are un-rated.

- *StanCERA's Investment Portfolio.* Under StanCERA policy, the fixed income portfolio must have an average quality rating of A or better in the aggregate as measured by at least one credit rating service. Investment grade quality is defined as BBB rated or higher at time of purchase. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is a low risk of default, and buyers will continue to be available throughout the anticipated holding period. The manager has the responsibility of notifying the StanCERA Board whenever an issue falls below investment grade. The notification should include the manager's assessment of the issue's credit rating and its ongoing role in the portfolio.

  The following table shows the quality of StanCERA's investments in fixed income securities on June 30, 2005.

Credit Rating	Active Management	Amount
AAA	70.02%	$ 276,522,846
A	5.05%	19,932,624
A-	2.12%	8,370,340
AA-	0.83%	3,280,650
BBB+	5.80%	22,882,400
BBB	4.72%	18,619,573
BBB-	2.32%	9,148,575
BB+	5.89%	23,246,925
BB	3.25%	12,829,200
	100.00%	$ 394,833,133

Note 4: **Cash and Investments** (continued)

Custodial Risk

Custodial Credit Risk-deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

- *Stanislaus County Treasurer's Pool and other deposits.* At year-end, Stanislaus County had no custodial credit risk exposure to any depository financial institution. As per State of California Government Code (Section 53630 – 53683), our depository banks, i.e., Bank of the West, Union Bank of California, and US Bank collateralize Stanislaus County public funds with eligible securities having a market value of at least 110% of the actual amount on deposit. These securities are maintained with the third party custodians. The collateral is held in a pool based on the bank's total public deposits.

  The County did not have deposits in any foreign currency. Therefore, the County does not have foreign currency fluctuation risk.

- *StanCERA's Investment Portfolio.* At year end, StanCERA had no custodial credit risk exposure to any depository financial institution. All deposits are placed with a custodial bank. The custodian is responsible for maintaining an adequate level of collateral in an amount equal to 102% of the market value of loaned securities. Collateral received may include cash, letters of credit, or securities. If securities collateral is received, StanCERA cannot pledge or sell securities collateral unless the borrower defaults.

Custodial Credit Risk-investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

- *Stanislaus County Treasurer's Pool.* All negotiable instruments are held by the County's custodian or a third party in the County's name. The County did not participate in securities lending.

- *StanCERA's Investment Portfolio.* State statutes and Board of Retirement Investment Policy permit StanCERA to participate in a securities lending program. StanCERA's custodial bank administers its securities lending program At year-end, StanCERA had no custodial credit risk exposure to borrowers because the amounts StanCERA owed to borrowers exceeded the amounts the borrowers owed to StanCERA. StanCERA's contract with the custodian requires it to indemnify StanCERA if the borrower fails to return the securities and the collateral is inadequate to replace the securities lent or fail to pay StanCERA for income distributions by securities issuers while securities are on loan.

Note 4: **Cash and Investments** (continued)

Custodial Credit Risk-investments (continued)

StanCERA's Investment Portfolio (continued)

As of June 30, 2005, StanCERA had securities on loan with a carrying value of $173,413,187 and cash collateral of $177,668,253. The accrued market value of loaned securities was $178,108,622. The types of securities lent were U.S. Government and Agencies, U.S. Corporate Fixed Income and U.S. Equities. There are no restrictions on the amount of securities that may be lent.

For all securities lent, liquid financial assets of the highest quality will be held as collateral in amounts equal to 102% of the value of domestic securities lent and 105% of the value of Non U.S. securities lent, in conformity with banking regulations, Cash, U.S. Treasury Bills and Notes and A-1 or P-1 rated Commercial Paper are acceptable collateral.

Concentration of Credit Risk - This is the risk of loss due to a large concentration of investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in the mutual funds, external investment pools and other pooled investments are not considered at risk.

- *Stanislaus County Treasurer's Pool.* Over 49.4% of the County's investments, including collateral on repurchase agreements, were in the U.S. Government or Government Sponsored Enterprises (Agencies). The following Agencies each comprised more than 5% of the pool investments:

Federal National Mortgage Association	*8.91%*
Federal Home Loan Bank	*8.88%*
Federal Home Loan Mortgage Corporation	*6.10%*

Of the 50% of the portfolio invested in other types of investments, no investment in a single issuer exceeds 5%.

- *StanCERA's Investment Portfolio.* StanCERA's policy requires that not more than 5% of the total StanCERA stock portfolio, valued at market, may be held in the common stock of any one corporation. Not more than 5% of the outstanding shares of any one company may be held. Individual investment managers are to hold no more than 8% of the market value of the manager's entire stock portfolio in any one company's stock. Not more than 25% of the stock valued at market may be held in any one industry category, as defined by the Retirement Association's consultant, without special permission from the StanCERA Board.

Note 4: **Cash and Investments** (continued)

Concentration of Credit Risk (continued)

StanCERA's Investment Portfolio (continued)

With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by market value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue.

At June 30, 2005, StanCERA had the following investments:

Fixed Income Securities		
U S Treasuries	$	134,964,355
Single Family Mortgage Backed Securities		109,914,082
Collateralized mortgage Backed Securities		23,805,599
Federal Agency		8,970,002
Corporate Bonds		117,179,095
	$	394,833,133
Equities		
Domestic	$	504,620,270
International		187,195,620
Real Estate		2,479,788
Mutual Funds		60,416,260
Collateral on loaned securities		177,668,253
Total Investments	$	1,327,213,324

Note 4: **Cash and Investments** (continued)

The following schedule indicates the credit and interest rate risk at June 30, 2005. The credit ratings listed are for the lower of Standard and Poor's or Moody's Investor Services. Certain investments such as U.S. Treasuries, the State's Local Agency Investment Fund and collateralized certificates of deposit are un-rated.

Stanislaus County Investments
Maturity Distribution - Fair Value (000's)
6/30/05

		Maturity									
	Credit Rating	< 30 Days	31 - 60 Days	61 - 90 Days	91 - 180 Days	181 - 360 Days	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Total
Certificates of Deposit	N/A	1,500		6,100	7,700						15,300
Negotiable Certificates of Deposit	A-1/P-1	5,000	15,000	5,000	5,000						30,000
Commercial Paper	A-1/P-1	214,753									214,753
Bankers Acceptance	A-1/P-1	19,969	9,955								29,924
Local Agency Investment Fund	Unrated	30,000									30,000
FNMA Note	AAA				1,491	1,971	8,863	1,923			14,248
FFCB Note	AAA	4,995			8,962		4,967	1,971	1,961		22,856
FHLB Note	AAA		9,994	1,994	2,506	15,690	8,850				39,034
FHLMC Note	AAA				1,990	6,453	4,960				13,403
FNMA Discount Note	A-1	9,985	29,877	9,922	9,888						59,672
FHLB Discount Note	A-1	9,981			14,850	9,824					34,655
FHLMC Discount Note	A-1			19,851	14,783						34,634
FHLMC/FFCB Disc. Note (Repo)	A-1	2,612									2,612
Treasury Note	N/A				13,923	9,911	16,316	9,816			49,966
Treasury Bill	N/A		4,981	14,902	118,675						138,558
Corporate Note	A	2,000		3,565	6,993	9,994	6,903	12,965	26,106		68,526
Corporate Note	AA				2,246		16,126	4,923	8,602		31,897
Total Treasury Pool Investments		300,795	69,807	61,334	209,007	53,843	66,985	31,598	36,669	0	830,038

Money Market Funds	Unrated	1,025									1,025
FHLMC Note	A-1+/F-1				4,845						4,845
Total Tobacco Funding Corp Investments		1,025	0	0	4,845	0	0	0	0	0	5,870

		Maturity									
	Credit Rating	< 30 Days	31 - 360 Days	1 - 3 Years	3 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20 - 25 Years	25 - 30 Years	Total
Money Market Funds	Unrated	4,134									4,134
Mutual Funds	Unrated	3,270									3,270
Municipal Bonds - Insured	AAA					1,195	7,706	17,718	11,875	11,569	50,063
Total Tobacco Settlement Investments		7,404	0	0	0	1,195	7,706	17,718	11,875	11,569	57,467

Money Market/Mutual Funds	Unrated	875									875
Repurchase Agreement	Unrated						1,056				1,056
Investment Agreements	Unrated		10,671	17,322		1,174	1,894		3,145		34,206
Total Bond Requirements		875	10,671	17,322	0	1,174	2,950	0	3,145	0	36,137

Note 4: **Cash and Investments** (continued)

In accordance with GASB No. 31, investments are reported on the statement of net assets/balance sheet at their fair value and all changes in fair value are reflected in income of the period in which they occur. Fair values were obtained from our custodial statement for all investments having greater than 90 days to maturity in the following categories:

Bankers Acceptances
U.S. Agency and GSE Bonds and Notes
U.S. Treasury Bonds, Notes and Bills
Corporate Bonds and Notes

Amortized cost was used for all investments having 90 days or less to maturity, which may include the following categories:

Commercial Paper
Bankers Acceptances
State of California Local Agency Investment Fund
U.S. Agency and GSE Bonds and Notes
U.S. Treasury Bonds, Notes and Bills
Repurchase Agreements
Corporate Bonds and Notes
Money Market Funds

Book cost was used for collateralized Certificates of Deposit purchased from state and nationally chartered banks.

The County did not invest in any types of investments during this fiscal year, other than those owned as of June 30, 2005.

The Stanislaus County Treasurer's Pool maintains some investment in the State of California Local Agency Investment Fund (L.A.I.F.). The total amount invested by all public agencies in L.A.I.F. at June 30, 2005 was $18.6 billion. L.A.I.F. is part of the State of California Pooled Money Investment Account (P.M.I.A.) whose balance at June 30, 2005 was $60.5 billion. Of this amount, 2.406% was invested in derivative financial products. P.M.I.A. is not SEC-registered, but is required to invest according to California State Code. The average maturity of P.M.I.A. investments was 165 days as of June 30, 2005.

The Local Investment Advisory Board (Board) has oversight responsibility for L.A.I.F. The Board consists of five members as designated by state statute. The value of the pool shares in L.A.I.F., which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from L.A.I.F. are done on a dollar to dollar basis.

In accordance with GASB 31, investments are marked to fair values annually and an adjustment is made to each fund accordingly. However, actual daily activity is done on a dollar to dollar basis and only a withdrawal from the pool of a size that jeopardizes pool participants would cause the withdrawal to be done at market value.

Note 4: **Cash and Investments** (continued)

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool at June 30, 2005:

Statement of Net Assets	
Net assets held for pool participants	$ 776,357,871
Equity of external pool participants	$ 548,518,892
Equity of internal pool participants	227,838,979
Total Equity	$ 776,357,871

Statement of Changes in Net Assets	
Net assets at July 1, 2004	$ 654,452,350
Net investment income	15,450,336
Net contributions and withdrawals	106,455,185
Net assets at June 30, 2005	$ 776,357,871

Stanislaus County Treasurer's Pool
Summary of Investments
6/30/2005

	Fair Value	Original Cost	Interest Rate Range		Maturity Range	
Certificates of Deposit	$ 15,300,000	$ 15,300,000	1.8%	2.5%	07/03/05	12/27/05
Negotiable Certificates of Deposit	30,000,000	30,004,290	2.3%	3.2%	07/25/05	11/04/05
Commercial Paper	214,752,548	214,513,976	3.1%	3.3%	07/01/05	07/29/05
Bankers Acceptance	29,923,556	29,875,156	3.1%	3.2%	07/13/05	08/22/05
Local Agency Investment Fund	30,000,000	30,000,000	2.9%	2.9%	07/01/05	07/01/05
US Government Agency Note	89,541,489	90,307,194	1.6%	6.1%	07/20/05	02/26/09
US Government Agency Discount Note	128,961,167	127,898,489	2.7%	3.4%	07/18/05	12/30/05
Treasury Note	49,965,830	50,214,534	1.6%	2.8%	10/31/05	08/15/07
Treasury Bill	138,558,469	137,945,467	0.4%	3.2%	08/18/05	12/08/05
Repurchase Agreement	2,612,133	2,612,133	3.3%	3.3%	07/01/05	07/01/05
Corporate Note	100,422,607	103,733,993	2.7%	7.6%	07/15/05	04/01/09
	$ 830,037,799	$ 832,405,232				

Note 5: **Interfund Transactions**

Interfund Receivables/Payables

The compositions of interfund balances as of June 30, 2005 are as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	
General Fund	Other Enterprise Funds	$ 3,830,067	To cover deficit cash balance
General Fund	Internal Service Funds	465,386	To cover deficit cash balance
		4,295,453	Sub total
Behavioral Health and Recovery	General Fund	386,921	State realignment
Community Services Agency	General Fund	71,635	State realignment
Health Clinics and Ancillary Services	Other Governmental Funds	756,390	For services provided
Other Enterprise Funds	Behavioral Health and Recovery	997,739	For services provided
		2,212,685	Sub total
		$ 6,508,138	Total

The General Fund owes the other funds for State realignment. The other governmental funds owe Health Clinics and Ancillary Services and other funds for services provided. The other enterprise funds and the internal service funds owe the General Fund to cover their deficit cash balances.

Advances To/From

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 500,450
Other Governmental Funds	Other Governmental Funds	1,190,422
		$ 1,690,872

The above interfund advances are loans that are not expected to be repaid in the short-term. Within the other governmental funds, the Public Works Road Division loaned the Redevelopment Agency $1.7 million for improvements to the Shackelford area.

Interfund Note payable/receivable

Receivable Fund	Payable Fund	Amount
Investment Trust Fund	Health Clinics and Ancillary Services	$ 21,802,109

The Health Clinics and Ancillary Services Fund has borrowed long-term from the Investment Trust Fund. The note is expected to be repaid with interest by July 2020. The interest will be credited each fiscal year end based on the Treasurer's pool rate. Annual transfers from the County's General Fund to the Health Services Agency will be the source of funds to retire the note.

Note 5: **Interfund Transactions** (continued)

Transfers

Transfer from	Transfer to	Amount	Purpose
General Fund	Community Services Agency	$ 6,868,787	County program contributions
	Behavioral Health and Recovery	7,801,975	County program contributions
	Other Governmental Funds	31,866,356	County program contributions and debt service
	Health Clinics and Ancillary Services	2,922,173	County program contribution
	Other Enterprise Funds	62,256	County program contribution
	Internal Service Funds	44,635	County program contribution
		49,566,182	
Tobacco Settlement	General Fund	1,667,667	Interest distribution
		1,667,667	
Behavioral Health and Recovery	Community Services Agency	40,028	Contributions to joint programs
	Other Governmental Funds	696,938	To pay POB debt service
	Other Enterprise Funds	403,480	Reimburse administrative costs of program
		1,140,446	
Community Services Agency	Other Governmental Funds	1,389,105	To pay POB debt service
		1,389,105	
Public Facility Fees	General Fund	1,384,085	Capital assets purchases
	Behavioral Health and Recovery	1,250,000	Capital assets purchases
	Other Governmental Funds	1,851,269	Capital assets purchases
	Fink Road Sanitary Landfill	28,156	Reimburse engineering labor costs
	Geer Road Sanitary Landfill	306	Reimburse administrative costs
	Other Enterprise Funds	225	Capital assets purchases
	Internal Service Funds	587	Capital assets purchases
		4,514,628	
Other Governmental Funds	General Fund	1,037,057	Various contributions to programs
	Other Governmental Funds	2,898,031	Various contributions to programs and debt service
	Health Clinics and Ancillary Services	6,773,646	Various contributions to programs
		10,708,734	
Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	450,000	Landfill closure/post closure
	Other Governmental Funds	27,125	To pay POB debt service
		477,125	
Health Clinics and Ancillary Services	Other Governmental Funds	6,630,572	Reimburse administrative costs of HSA
	Other Governmental Funds	410,997	To pay POB debt service
		7,041,569	
Other Enterprise Funds	Behavioral Health and Recovery	1,296,672	Reimburse administrative costs of programs
	Other Governmental Funds	383,096	To transfer funds from Inmate /Welfare to ELSE grant and debt service
		1,679,768	
Internal Service Funds	General Fund	25,000	Reimbursement of Aviation Insurance
	Behavioral Health and Recovery	7,124	Insurance reimbursement for Fleet vehicle
	Community Services Agency	9,460	Insurance reimbursement for Fleet vehicle
	Internal Service Funds	56,999	Insurance reimbursement for Fleet vehicle
	Other Governmental Funds	121,226	To pay POB debt service
		219,809	
		$ 78,405,033	

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Retirements	Transfers	Balance June 30, 2005
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 26,849,826	$ 9,955,297	$ -	$ -	$ 36,805,123
Construction in progress	10,215,873	17,158,203	-	(1,241,671)	26,132,405
Total capital assets, not being depreciated	37,065,699	27,113,500	-	(1,241,671)	62,937,528
Capital assets, being depreciated:					
Infrastructure	981,734,172	1,814,419	(3,888,555)	-	979,660,036
Structures and improvements	152,909,314	2,388,499	(143,548)	1,241,671	156,395,936
Equipment	63,802,570	7,925,698	(8,899,046)	(5,168)	62,824,054
Total capital assets, being depreciated	1,198,446,056	12,128,616	(12,931,149)	1,236,503	1,198,880,026
Less accumulated depreciation for:					
Infrastructure	(588,812,644)	(29,904,089)	3,888,555	-	(614,828,178)
Structures and improvements	(39,088,121)	(4,409,908)	28,831	-	(43,469,198)
Equipment	(33,314,425)	(5,328,933)	7,492,801	5,168	(31,145,389)
Total accumulated depreciation	(661,215,190)	(39,642,930)	11,410,187	5,168	(689,442,765)
Total capital assets, being depreciated, net	537,230,866	(27,514,314)	(1,520,962)	1,241,671	509,437,262
Government activities capital assets, net	$ 574,296,565	$ (400,814)	$ (1,520,962)	$ -	$ 572,374,789
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 16,306,069	$ -	$ -	$ -	$ 16,306,069
Total capital assets, not being depreciated	16,306,069	-	-	-	16,306,069
Capital assets, being depreciated:					
Structures and improvements	19,347,133	62,127	(10,072)	-	19,399,188
Equipment	9,064,596	2,611,128	(764,615)	5,168	10,916,277
Total capital assets, being depreciated	28,411,729	2,673,255	(774,687)	5,168	30,315,465
Less accumulated depreciation for:					
Structures and improvements	(11,922,639)	(353,226)	10,072	-	(12,265,793)
Equipment	(6,770,558)	(820,370)	764,615	(5,168)	(6,831,481)
Total accumulated depreciation	(18,693,197)	(1,173,596)	774,687	(5,168)	(19,097,274)
Total capital assets, being depreciated, net	9,718,532	1,499,659	-	-	11,218,191
Business-type activities capital assets, net	$ 26,024,601	$ 1,499,659	$ -	$ -	$ 27,524,260

Note 6: **Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

	Equipment	Structures and Improvements	Infrastructure	Total
General government	$ 151,716	$ 868,395	$ -	$ 1,020,111
Public protection	1,148,507	2,245,126	-	3,393,633
Public ways	18,057	46,336	29,904,089	29,968,482
Health and sanitation	420,710	136,209	-	556,919
Public assistance	335,292	649,927	-	985,219
Education	1,842,857	177,805	-	2,020,662
Recreation	195,199	261,341	-	456,540
Internal service funds	1,216,595	24,769	-	1,241,364
Total	$ 5,328,933	$ 4,409,908	$ 29,904,089	$ 39,642,930

Depreciation expense was charged to the business-type functions as follows:

	Equipment	Structures and Improvements	Total
Transit	$ 229,062	$ -	$ 229,062
Fink Road Landfill	28,284	2,383	30,667
Geer Road Landfill	712		712
Behavioral Health Center	7,357	183,516	190,873
Health Clinics and Ancillary Services	542,667	161,345	704,012
Inmate Welfare/Commissary	12,288	5,982	18,270
	$ 820,370	$ 353,226	$ 1,173,596

Note 7: **Receivables**

Accounts receivable, net of allowance for uncollectibles, includes receivables from federal, state, and local governments in the net amount of $40,187,526. Patient accounts receivable at Health Clinics and Ancillary Services of $27,872,161 net of an allowance for uncollectibles of $18,686,228, leaves a net receivable of $9,185,933. Substantially all other receivables are deemed collectible.

At June 30, 2005, deferred revenue and unearned revenue were reported as follows:

Governmental Activities:	Unavailable	Unearned
General fund:		
Property taxes receivable	$ 81,453	
Accounts receivable	567,445	
Grant drawdowns prior to meeting all eligibility requirements		$ 1,646,245
Behavioral Health and Recovery		
Accounts receivable	348,029	
Grant drawdowns prior to meeting all eligibility requirements		1,645,652
Tobacco Settlement		
Interest receivable	808,162	
Community Services Agency:		
Grant drawdowns prior to meeting all eligibility requirements		5,873,483
Nonmajor funds:		
Grant drawdowns prior to meeting all eligibility requirements		383,307
	$ 1,805,089	$ 9,548,687

Note 8: **Property Taxes**

The County's property taxes are levied July 1 (Unsecured Roll) and October 1 (Secured Roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County. Local assessed values are determined, subject to appeal before the Assessment Appeals Board, by the County Assessor's Office. Locally assessed real property is appraised at the base year value and is adjusted each year after 1975 by the change in the California Consumer Price Index (CPI) not to exceed an increase of 2%. Property is re-appraised from the 1975/76 base year value to current full value upon either (1) a change in ownership, or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of the property is re-appraised). Thereafter, it continues to be increased annually by the change in the CPI not to exceed 2%. The total gross assessed value for the 2004/2005 fiscal year is $29,468,309,168.

The County is permitted by Section 93, of the California Revenue and Taxation Code, to levy taxes up to $1.00 per $100 of assessed valuation for general governmental services other than the payment of principal and interest on general obligation bonds or other indebtedness approved by a two-thirds vote of its voters after June 4, 1986. Taxes are allotted to local agencies and school districts as outlined in Sections 95 through 100 of the California Revenue and Taxation Code.

Taxes are due in one installment (Unsecured Roll) on billing and are subject to late payment penalties if paid after August 31, or two installments (Secured Roll) due on November 1 and February 1, and again subject to the late payment penalties if paid after December 10 and April 10, respectively.

The County and its political subdivisions operate under the provisions of Sections 4701-4717 of the California Revenue and Taxation Code (otherwise known as the "Teeter Plan"). Under this method, the accounts of all political subdivisions that levy taxes on the

County tax roll are credited with 100% of their respective secured tax levy, regardless of the actual payments and delinquencies. This method then provides for all the delinquent penalties and redemptions flow to the County's General Fund. In addition, Section 4703.2 of the California Revenue and Taxation Code requires that a property tax loss reserve be maintained at not less than 25% of the total delinquent secured taxes.

Taxes receivable in the General Fund includes $11 million long term property tax receivable resulting from the Teeter method of distribution. This long term receivable as well as another $6.2 million expected to be collected next fiscal year have already been credited to other governments. These property tax receivables will be collected from the taxpayers.

Unsecured taxes are accrued in the period when they are levied and are recognized when they become available. "Available" means, due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. This period was 60 days from the end of the fiscal year. Property taxes receivable that do not meet the "available" criteria are recorded as deferred revenue.

Note 9: **Leases**

Operating Leases

The County is committed under various operating leases for building and office space and business and data processing equipment. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the County's government-wide financial statements.

Aggregate rental expense for all operating leases approximated $3,964,754 for all fund types for the year ended June 30, 2005. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2005.

Year Ending June 30,		
2006	$	3,099,330
2007		2,407,089
2008		2,162,793
2009		1,888,398
2010		1,666,104
2011-2015		3,459,828
Total Mimimum Lease Payments	$	14,683,542

The Stanislaus Waste Energy Company (SWEC) has a lease agreement with the County to lease the 16-acre site on which the waste energy facility was built. The lease term is 35 years and contains a 15-year option to renew at the lessee's (SWEC) option. The County purchased the land in 1974 for $6,161.

The County also has an agreement with the Stanislaus County Office of Education to lease 15,000 square feet of Building #1 at the County Center III site for the purpose of a print shop. The term is 6 years with a mutual option to renew.

Note 9: **Leases** (continued)

Operating Leases (continued)

The following is a schedule of future lease revenue on these noncancelable leases at June 30, 2005

Year Ending June 30,	
2006	$ 338,400
2007	338,400
2008	338,400
2009	338,400
2010	326,700
2011-2015	990,000
2016-2020	990,000
2021	198,000
Total minimum lease revenue	$ 3,858,300

Capital Leases

The County has entered into certain capital lease agreements under which the related buildings and equipment will become property of the County when all terms of the lease agreements are met:

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2005
Governmental activities:		
Equipment	0.00-7.24%	$ 197,495
		197,495
Business-type activities:		
Medical equipment	3.00-6.94%	376,062
		376,062
Total capital lease obligations		$ 573,557

Note 9: **Leases** (continued)

Capital Leases (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005 were as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2006	$ 142,274	$ 177,039
2007	58,983	177,039
2008	6,036	41,560
Total Minimum Lease Payments	207,293	395,638
Less: Amounts Representing Interest	(9,798)	(19,576)
Present Value of Minimum Lease Payments	197,495	376,062
Less: Current Portion of Capital Leases	(134,530)	(163,986)
Long-term Capital Lease Obligation	$ 62,965	$ 212,076

Equipment acquired through capital leases is as follows:

	Governmental Activities	Business-type Activities
Equipment	$ 671,506	$ 1,975,597
Less: accumulated depreciation	(299,940)	(1,403,561)
Net value	$ 371,566	$ 572,036

Note 10: **Long-Term Debt**

A. **Summary of Long-Term Debt**

The following is a summary of long-term liability transactions for the year ended June 30, 2005:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005	Amounts Due Within One Year
Governmental Activities:					
Risk management liability	$ 21,417,145	$ 10,212,965	$ (10,535,997)	$ 21,094,113	$ 8,845,684
Certificates of participation	127,009,808		(5,690,952)	121,318,856	5,953,312
Plus issuance premium	87,065		(4,196)	82,869	4,196
Bonds payable	86,210,000		(4,191,529)	82,018,471	6,403,048
Tobacco securitization note	66,015,000		(1,135,000)	64,880,000	1,375,000
Capital lease payable	587,941		(390,446)	197,495	134,530
Compensated absences	23,725,540	15,421,129	(16,269,942)	22,876,727	1,205,850
Total Governmental Activities	$ 325,052,499	$ 25,634,094	$ (38,218,062)	$ 312,468,531	$ 23,921,620
Business-type Activities:					
Risk management liability	$ 686,000	$ -	$ (225,000)	$ 461,000	$ 461,000
Certificates of participation	1,320,192		(139,048)	1,181,144	146,688
Compensated absences	2,059,758	1,547,978	(1,554,364)	2,053,372	99,342
Capital lease payable	687,871		(311,809)	376,062	163,986
Total Business-Type Activities	$ 4,753,821	$ 1,547,978	$ (2,230,221)	$ 4,071,578	$ 871,016

With the exception of the Professional Liability Insurance Fund, which serves the Health Clinics and Ancillary Services Enterprise Fund, internal service funds serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end $467,274 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, risk management liability and compensated absences are generally liquidated by the General Fund.

Note 10: **Long-Term Debt** (continued)

A. **Summary of Long-Term Debt** (continued)

As of June 30, 2005, annual debt service requirements of governmental activities to maturity are as follows:

	Governmental Activities			
Year Ending	Bonds Payable		Certificates of Participation	
June 30	Principal	Interest	Principal	Interest
2006	6,403,048	5,444,022	5,957,508	5,490,856
2007	6,877,018	4,976,110	7,881,396	5,180,902
2008	7,376,110	4,473,649	8,198,756	4,846,400
2009	7,920,330	3,934,634	7,106,116	4,491,376
2010	8,494,680	3,354,873	7,403,476	4,188,255
2011-2015	40,923,521	6,901,598	37,928,564	15,773,110
2016-2020	603,764	779,888	30,740,980	6,607,439
2021-2025	525,000	673,751	13,199,929	2,117,690
2026-2030	650,000	548,430	2,985,000	65,297
2031-2035	800,000	395,124		
2035-2039	985,000	205,994		
2040-2042	460,000	19,736		
Totals	$ 82,018,471	$ 31,707,809	$ 121,401,725	$ 48,761,325

Year Ending	Tobacco Securitization Note	
June 30	Principal	Interest
2006	1,375,000	3,820,450
2007	1,550,000	3,717,138
2008	2,120,000	3,593,482
2009	2,350,000	3,448,732
2010	2,565,000	3,301,338
2011-2015	17,600,000	14,016,299
2016-2020	27,590,000	8,038,532
2021-2022	9,730,000	843,356
Totals	$ 64,880,000	$ 40,779,327

The above Tobacco Securitization Note amortization schedule assumes that the turbo payments will be made. If the projected tobacco sales do not occur, then the amortization schedule will change to reflect less principal being paid each year, maturing in 2043.

Note 10: **Long-Term Debt** (continued)

A. **Summary of Long-Term Debt** (continued)

As of June 30, 2005, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30	Business-type Activities Certificates of Participation Principal	Interest
2006	146,688	56,719
2007	152,800	50,118
2008	160,440	43,090
2009	168,080	35,549
2010	175,720	27,481
2011-2013	377,416	28,574
Totals	$ 1,181,144	$ 241,531

B. **Long Term Obligations**

A summary of certificates of participation at year-end follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2005
Governmental activities:					
1995 Refunding	4.00-5.00	6/22/95	5/1/08	$ 13,755,000	$ 3,920,000
1996 Refunding	3.90-5.25	1/1/96	5/1/18	55,920,000	39,785,000
1997 Series A	5.10-5.9	4/1/97	5/1/17	12,035,000	8,885,000
1997 Series B Refunding	3.75-5.00	12/16/97	6/1/12	9,105,056	8,013,856
1998 Series A	3.75-4.75	3/1/98	9/1/18	22,160,000	17,920,000
2004 Series A	1.63-4.38	3/26/04	9/1/25	15,371,663	15,369,778
2004 Series B	1.63-4.38	3/26/04	9/1/25	27,511,451	27,508,091
Total governmental activities				$ 155,858,170	$121,401,725
Business-type activities:					
1997 Series B Refunding	3.75-5.00	12/16/97	6/1/12	$ 1,524,944	$ 1,181,144
Total business-type activities				$ 1,524,944	$ 1,181,144
Total				$ 157,383,114	$122,582,869

Note 10: **Long-Term Debt** (continued)

B. **Long Term Obligations** (continued)

A summary of bonds and loans payable follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2005
1995 Pension Obligation Bonds	7.15	9/25/95	8/15/13	$ 108,970,000	$ 75,890,000
RDA State Water Resources Board Loan	3.1	9/13/95	12/12/15	2,646,310	1,648,471
USDA Loan	4.25	8/21/03	8/1/41	4,525,000	4,480,000
Total				$ 116,141,310	$ 82,018,471

A summary of the Tobacco Securitization note follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2005
Tobacco Securitization Note	5.5-7.5	3/21/02	6/1/43	$ 67,305,000	$ 64,880,000

Purpose for County Borrowings

1995 Refunding	Refund portion of 1989 COP
1996 Refunding	Refund remaining portion of 1989 COP
1997 Series A	Construct agricultural center and police officer training facility
1997 Series B Refunding	Refund a portion of 1992 series A and B COPs
1998 Series A	Construct a portion of government building with the City of Modesto
2004 Series A	Construction of Gallo Center for the Arts
2004 Series B	Construction of 12th Street Office building and parking garage
1995 Pension Obligation Bonds	Pay StanCERA for unfunded actuarial accrued liability
RDA State Water Resources Board	To build Bret Harte sewer collection and transfer system
2003 RDA Tax Allocation Bonds	To pay Stanislaus Co. Redevelopment Agency 2001 Loan Anticipation Notes
Tobacco Securitization Note	To purchase future Tobacco Settlement revenue

Note 11: **Solid Waste Landfill Closure and Postclosure Care Costs**

There are two solid waste landfill sites in the County. The Fink Road Sanitary Landfill is owned by the County and is currently operating. The Geer Road Sanitary Landfill is on land jointly owned by the City of Modesto and the County of Stanislaus. This landfill has reached capacity and was closed in June 1990. The County of Stanislaus, by and through its Board of Supervisors, administered the closure operations of the Geer Road Landfill. Both landfills are reported in their entirety as enterprise funds.

State and federal laws require the County to close a landfill once its capacity has been reached and to monitor and maintain the site for thirty subsequent years. The County recognizes a portion of the closure and postclosure care costs in each operating period even though actual payouts will not occur until a landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the financial statement date.

	Fink Road	Geer Road	Total
Estimated total liability for closure/ postclosure at June 30, 2005	$ 19,798,683	$ 10,980,238	$ 30,778,921
Liability recognized as of June 30, 2005	$ 4,224,856	$ 10,980,238	$ 15,205,094
Landfill capacity used to date	21.34%	100%	
Estimated remaining useful life	28 years		

The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, technology, revision of laws and other variables. State and federal laws require the County to establish a closure fund to accumulate assets needed for the actual payout of closure and postclosure care costs. Of the restricted cash and investments in the proprietary funds, the following amounts are held for this purpose:

Fink Road Landfill	$ 12,903,678
Geer Road Landfill	$ 3,507,769

Note 12: **Net Assets/Fund Balances**

Net Assets

The government-wide and business-type activities financial statements utilize a net assets presentation. Net assets are as follows:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Note 12: **Net Assets/Fund Balances** (continued)

Net Assets (continued)

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

As of June 30, 2005, the County had the following restrictions to net assets:

	Governmental Activities	Business-type Activities
Restricted for:		
Capital projects	$ 83,636,605	$ -
Other purposes:		
Landfill closure/post-closure	-	16,464,101
Children & families commission	23,422,315	-
Road construction	4,315,324	-
Tax loss reserve	2,972,217	-
Child support service	1,166,419	-
Public assistance	463,392	-
Public health	1,082,519	-
Environmental resources	1,182,192	-
Lighting & storm drain districts/County service areas	1,398,689	-
Clerk-recorder - capital assets	4,635,960	-
Probation CPA	1,379,182	-
Other	1,375,337	
Total other purposes	43,393,546	16,464,101
	$ 127,030,151	$ 16,464,101

Note 12: **Net Assets/Fund Balances** (continued)

Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board or management and can be increased, reduced or eliminated by similar actions.

The term "reserved" is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County's management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

As of June 30, 2005, the County has reserved or designated fund balances as follows:

Reserved for Encumbrances: This represents that portion of fund balance reserved for encumbrances existing at year end which will result in subsequent year expenditures.

Reserved – Advances to other funds: This represents the portion of fund balance reserved for loans to other funds that are not expected to be repaid in the short-term.

Reserved - Long term receivables: This represents the portion of fund balance related to delinquent property taxes due from the taxpayers not expected to be collected in the short term.

Reserved – Loans to other governments: This represents the portion of fund balance reserved for loans to other governments that are not expected to be repaid in the short-term.

Reserved – Other: This represents that portion of fund balance unavailable for appropriation for the following reasons:

	General Fund	Behavioral Health & Recovery	Community Services Agency	Nonmajor Governmental Funds
Deposits with others	$ 10,000	$	$	$
Inventory				302,493
Imprest cash	87,935	8,711	27,150	5,926
Prepaid items		4,195		12,347
Tax loss reserve	2,972,217			
Total	$ 3,070,152	$ 12,906	$ 27,150	$ 320,766

Reserved for Capital projects: This represents the portion of fund balance held by trustees for major capital projects.

Reserved for Debt Service: This represents that portion of borrowings which are held in reserve accounts by trustees and that portion of borrowings held in interest reserve accounts for interest payments.

Note 12: **Net Assets/Fund Balances** (continued)

Fund Balances (continued)

Designated for Debt Service: This represents that portion of available fund balance segregated to meet future principal and interest payments on debt.

Designated for Contingencies: This represents that portion of available fund balances set aside for emergency and unforeseen expenditures.

Note 13: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County has a risk management program with respect to workers' compensation, general and professional liability, unemployment, vision, dental care and purchased insurance. Under its existing workers' compensation insurance plan, the County is responsible for $500,000 per occurrence, with a commercial insurance company providing certain liability coverage for up to $5,000,000. The general liability insurance covers property damage, personal injury, auto, and public officials' errors and omissions. General liability, auto, and public officials' errors and omissions are the County's responsibility for up to $250,000 per occurrence, with the excess insured by the CSAC Excess Insurance Authority for up to $9,750,000. The County has also purchased optional excess liability coverage in the amount of $5 million. Property damage is insured by a commercial carrier for $464,552,000 with a $10,000 deductible. Unemployment, vision care, and dental insurance are the responsibility of the County. Limited exposure precludes the need for outside coverage.

The Health Services Agency Clinics and Ancillary Services, and the Behavioral Health and Recovery Department participate in the medical malpractice program administered by the CEO Risk Management Division. Under this program, the County has a self-insured retention of $500,000 per occurrence and pays all defense costs. The County also carries excess insurance coverage up to $10,000,000 per claim.

There was no reduction in insurance coverage from the prior year. There were no settlements in excess of insurance coverage for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	2003/2004	2004/2005
Unpaid claims as of July 1	$ 21,277,469	$ 22,103,145
Incurred claims (including IBNRs)	12,560,521	9,987,965
Claim payments	(11,734,845)	(10,535,997)
Unpaid claims as of June 30	$ 22,103,145	$ 21,555,113

Note 13: **Risk Management** (continued)

The County is a defendant in several legal actions. In the opinion of County Counsel, it is probable the potential liability for these matters could exceed the County's general liability self-insurance retention of $250,000. Any excess over $250,000 would be covered by excess insurance coverage explained above.

In addition, the County is a defendant in a number of other lawsuits or proceedings arising in the normal course of its activities where the ultimate outcome cannot be predicted with certainty. Management does not expect that these matters will have a material adverse effect on the financial position or changes in the financial position of the County.

Note 14: **Commitments**

The County has entered into contracts for the construction a performing arts center, and a new parking garage/office structure.

In addition, a contract has been executed for the purchase and installation of a new county voting system. As of June 30, 2005 commitments with contractors are as follows:

Project	Spent-to-Date	Commitment Remaining
Gallo Performing Arts Center	$ 11,587,301	$ 13,085,902
12th Street Office and Parking Structure	15,452,030	2,752,819
Voting Modernization Sysem	985,702	2,436,314
	$ 28,025,033	$ 18,275,035

The Performing Arts Center is funded jointly by the County General fund and private donations from the community. The 12th Street project is a joint effort of the County General fund, private industry and the Stanislaus County Employees Retirement Association. The voting modernization system is funded by the California Voting Modernization Bond Act of 2002 and the Federal Help America Vote Act.

Note 15: **Contingent Liabilities**

The County participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Some audits of these programs prior to and for the year ended June 30, 2005, have not been conducted or concluded. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Note 16: **Joint Ventures**

Stanislaus Waste-to-Energy Financing Agency

Stanislaus Waste-to-Energy Financing Agency (Agency) was created May 1, 1989, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The Agency is administered by a commission consisting of two members of the City council and two members of the County's Board of Supervisors. The agreement provides that the City and the County shall pay for costs associated with the operation of the Agency and are entitled to all rights and property of the Agency equally. On May 1, 1990, the Agency issued Certificates of Participation to refinance a bond issued through California Pollution Control Financing Authority. And on February 1, 2000 Refunding Revenue Certificates were issued to refinance the 1990 COPs. Outstanding debt of the Agency at June 30, 2005 is $40,845,000. Financial statements for the Agency are produced biannually and are available from the County of Stanislaus.

Tuolumne River Regional Park

The County participates with the City of Modesto and the City of Ceres in the operation and development of the Tuolumne River Regional Park (TRRP). The governing body consists of two members from each city council and the County Board of Supervisors.

The TRRP Board prepares the annual budget, which must be approved by both cities' councils and the Board of Supervisors. Each participant has an equity interest in the assets of the Park based on the percentage of cumulative contributions paid. As of June 30, 2005, the County's equity interest was $1,706,098 and is reported as Investments-joint ventures in the government-wide statement of net assets. For the fiscal year ending June 30, 2005, the County contributed $180,118 to TRRP. Financial statements for TRRP are prepared by the City of Modesto Finance Department and are available from them.

Stanislaus Drug Enforcement Agency

Stanislaus County and the cities of Modesto, Oakdale, Ceres, Patterson, Turlock, Riverbank and Newman are the participants in the Stanislaus Drug Enforcement Agency (SDEA). The purpose of the SDEA is to maintain a specially trained police unit to assist each of the participating agencies in the enforcement of drug control laws, and to study, plan and set priorities for effective enforcement of such laws throughout Stanislaus County.

The governing body consists of the Sheriff to Stanislaus County and the chief of police for each participating city. All participants contributed to the funding of the SDEA budgeted expenditures, based on population and assessed property value. The County's contribution to the SDEA for fiscal year 2005 was $394,110. Upon termination of the agreement, assets will be distributed based on total contributions from each participant. Financial statements of the SDEA are available from the County.

Note 16: **Joint Ventures** (continued)

The City-County Capital Improvements and Financing Agency

The City-County Capital Improvements and Financing Agency (Agency) was created December 17, 1996, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The Agency is administered by a six-member commission consisting of two members of the City Council, two members of the County's Board of Supervisors, the County Chief Executive Officer and the City Manager. The Agency prepares the annual and project budgets, which must be approved by both the City Council and the Board of Supervisors. Each participant has an equity interest in the assets of the Agency in accordance with any project agreements or in the percentages as agreed upon by the Agency which percentages shall be reviewed and approved in connection with the project and annual budgets of the Agency. As of June 30, 2005, the County's equity interest in the Agency was $15,334,809 and is reported as Investments-joint ventures in the government-wide statement of net assets.

The County was the Agency's fiscal administrator during the construction phase of the City-County Administration Center, finalized at the end of June 2003. Since then, the City has been the fiscal administrator. Financial statements of the Agency will be available from the City after the initial audit of the Agency's books has been completed.

The California County Tobacco Securitization Agency

In November 1998, the attorneys general of 46 states (including California) and various other public entities (collectively, the "Settling States") and the four largest United States tobacco manufacturers entered into a master settlement agreement (MSA) in resolution of cigarette smoking-related litigation. The MSA effectively releases the manufacturers from past, present and future smoking related claims in exchange for, among other things, certain payments to be made to the Settling States.

On August 5, 1998 the counsel for the State of California and various jurisdictions therein ("participating jurisdictions") entered into a memorandum of understanding (MOU), made to the State of California in accordance to the MSA. However, the payments under the MSA are subject to numerous adjustments and potential delays.

On November 15, 2000, the County entered into a Joint Powers Agreement (the "Agreement") with the County of Merced, County of Sonoma, and the County of Kern thereby creating the California County Tobacco Securitization Agency (the "Agency"). The Agency then added the County of Marin, County of Placer, the County of Fresno, and the County of Alameda. The Agency is governed by a Commission, which is comprised of two designees of the Board of Supervisors of each member.

The purpose of the Agreement is to provide for the exercise of powers common to each member, including, but not limited to, the power to insure, hedge or otherwise manage the

Note 16: **Joint Ventures** (continued)

The California County Tobacco Securitization Agency (continued)

risks associated with the receipt of the MSA payments. In furtherance of it's purpose, the Agency has been empowered to issue Bonds secured by the MSA payments of one or more members, the proceeds of which will be used directly or indirectly to purchase all or a portion of the rights to the MSA payments from a member or members.

On March 1, 2002, the Stanislaus County Tobacco Funding Corporation, a component unit of the County, entered into an agreement with the Agency for the purpose of issuing bonds in the principal amount of $67,305,000 to acquire the County's rights to receive the MSA payments when and as such funds are available. The County agreed to sell its rights, title and interest of the money due under the MSA and the MOU for $52,403,206. The financial statements of the Agency are produced annually and are available from the County of Kern, Auditor-Controller's Office at 1115 Truxtun Ave., Bakersfield, CA 93301.

Consolidated Emergency Dispatch Agency

The Modesto/Stanislaus Consolidated Emergency Dispatch Agency (the "Agency") was created on September 1, 1999, pursuant to a joint exercise of powers agreement between the City of Modesto (the "City") and the County of Stanislaus (the "County"). The Agency is administered by a seven-member commission consisting of one member of the Modesto City Council, one member of the County's Board of Supervisors, the County Chief Executive Officer, the Modesto City Manager, two members from the Dispatch Advisory Board, and one member from the City of Ceres' City Council. The purpose of the Agency is to consolidate the public safety communications system. The responsibilities of the County and the City include approval: of the annual budget, claims, liabilities, and the use of Agency property as collateral. Each participant will contribute sufficient funds to pay for all costs and expenses associated with providing Emergency Dispatch Services. Upon termination of the agreement, assets will be distributed equally to the City and County, unless otherwise approved. The financial statements may be obtained by writing to the Modesto/Stanislaus Consolidated Emergency Dispatch, Office Manager, 3705 Oakdale Road, Modesto, California, 95357.

Note 17: **Employees' Retirement Plan**

The County is a major participant in the Stanislaus County Employees Retirement Association (StanCERA), a retirement system organized under the 1937 Retirement Act. StanCERA is a cost-sharing multiple-employer Public Employee Retirement System (PERS). StanCERA provides retirement and disability benefits, annual cost-of-living adjustments, death benefits and health and welfare insurance for certain retirees and their dependents. The plan is administered by the Stanislaus County Employees Retirement Association. One actuarial valuation is performed for the system as a whole and the contribution rate is determined for each participating entity. The participating entities are the County, City of Ceres, and six special districts located in the County that

Note 17: **Employees' Retirement Plan** (continued)

are not governed by the County's Board of Supervisors. StanCERA issues a publicly available financial report that includes financial statements and required supplementary information for StanCERA. The financial report may be obtained by writing to Stanislaus County Employees Retirement Association, P.O. Box 3150, Modesto, CA 95353-3150 or by calling (209) 525-6393.

The financial statements of StanCERA are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other securities are valued at the last reported sales price at current exchange rates. No investment in any single asset represents more than 5% of the net assets available for pension benefits.

The StanCERA has five tiers of retirement benefits, all or some of which are offered to General and Safety members, respectively. The benefits known as Tier 1, Tier 2, Tier 4, and Tier 5 vest after five years of credited service, while the benefit known as Tier 3 vests after ten years of credited service. Vested General members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age fifty or older with ten or more years of qualifying service or at any age with thirty or more years of qualifying service. Vested Safety members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age fifty or older with ten years of qualifying service or at any age with twenty or more years of service. All Tier 3 members may retire at age fifty-five with ten or more years of qualifying service.

For members with Tier 1, Tier 4 or Tier 5 benefits, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. For members with Tier 2 or Tier 3 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings.

The retirement benefit for Tier 1, Tier 2, Tier 4 and Tier 5 members includes a post-retirement cost-of-living (COL) adjustment based upon the Consumer Price Index. COL increases/decreases are limited to a maximum of 3% annually. Total COL decrease(s) cannot exceed the cumulative amount of previous COL increase(s). Tier 1, Tier 2, Tier 4 and Tier 5 provide death and disability benefits.

Those members participating in Tier 1, Tier 2, Tier 4 and Tier 5 are required by statute to contribute to the pension plan. Members' contribution rates are formulated on the basis of the age at date of entry and the actuarially calculated future benefits. The County is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Contribution rates vary from 3.61% to 17.59% of covered payroll for the County and from 2.55% to 16.49% of covered payroll for employees.

Note 17: **Employees' Retirement Plan** (continued)

Benefits and contribution provisions are established by state law subject to amendment only by a legislative act of the State of California. Alternative benefit and contribution schedules are permissive with approval of the Board of Supervisors.

In addition to providing pension benefits, StanCERA provides a health insurance stipend for retirees. Substantially all of the active members may become eligible for this benefit if they reach normal retirement age. For the year ending June 30, 2005, 2,117 retirees received this stipend, for a total of $7,294,513. StanCERA sponsored health insurance benefits are not vested and may be discontinued with 90 days notice.

StanCERA also provides a death benefit of $5,000 paid to the beneficiary or estate if a member dies after retirement, provided that Stanislaus County was the members last public employer.

Post-employment health care benefits are funded from excess earnings of the retirement association. As of June 30, 2005, the excess earnings set aside in the net assets held in trust for pension benefits of the Employees' Retirement Trust for funding post-employment health care benefits amounted to $94,884,266. The County does not contribute towards post-employment benefits other than retirement.

The County's contribution to StanCERA for the years ending June 30, 2003, 2004 and 2005 were $14,237,034, $15,062,659, and $17,499,775 respectively, equal to the required contributions for each year.

Stanislaus
County

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Projects Fund

Redevelopment Agency

The Redevelopment Agency fund was established so the County can use redevelopment tax increment financing as a tool to initiate capital public project, property rehabilitation and private development.

Capital Projects

The Capital Projects funds were established to account for financial resources for the acquisition or construction of major capital facilities. Among the major projects is a downtown project that includes the construction of a parking garage and office structure and the construction of the Center for the Arts.

Debt Service Funds

Debt Service funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt service funds include:

Capital Improvement Financing Authority

The Capital Improvement Financing Authority is used to accumulate resources for payment of principal and interest incurred by the sale of Certificate of Participation issued to finance various capital projects.

Pension Obligation Bonds

This fund is used to accumulate resources for the payment of principal and interest of taxable bonds issued to pay to the Employees Retirement Association the County's unfunded actuarial accrued liability.

Stanislaus County Tobacco Funding Corporation

This fund is used to account for the receipt and disbursement of tobacco securitization revenues from the State.

County of Stanislaus
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

		Capital Projects Funds		Debt Service Funds			
	Special Revenue Funds	Redevelopment Agency	Capital Projects	Capital Improvement Finance Authority	Pension Obligation Bonds	Stan County Tobacco Funding Corp	Totals
Assets							
Cash and investments	$ 52,780,414	$ 3,724,406	$ 11,751,653	$	$ 1,166,930	$ 9,618	$ 69,433,021
Cash with fiscal agent			20,340,905	15,525,978	111,163	5,869,766	41,847,812
Account receivable (net of allowance for uncollectables)	13,794,448	407	1,204,364			2,441,902	17,441,121
Interest and other receivables	155,604	9,880	57,328		1,038		223,850
Inventory	302,492						302,492
Prepaid items	12,347						12,347
Advance to other funds	1,190,422						1,190,422
Total assets	$ 68,235,727	$ 3,734,693	$ 33,354,250	$ 15,525,978	$ 1,279,131	$ 8,321,286	$ 130,451,065
Liabilities and Fund Balance							
Liabilities							
Accounts payable	$ 6,814,936	$ 91,298	$ 2,502,972	$	$	$	$ 9,409,206
Salaries and benefits payable	3,060,140	9,292					3,069,432
Due to other funds	756,390						756,390
Due to other governments						2,441,902	2,441,902
Deposits from others	8,553						8,553
Deferred revenue	383,307						383,307
Advances from other funds	100,450	1,590,422					1,690,872
Total Liabilities	11,123,776	1,691,012	2,502,972			2,441,902	17,759,662
Fund Balances							
Reserved for:							
Encumbrances	7,837,709	284,628	16,245,805				24,368,142
Advances to other funds	1,190,422						1,190,422
Other	320,766						320,766
Capital projects			20,340,905				20,340,905
Debt service		24,500		15,525,978	111,163	5,869,766	21,531,407
Unreserved:							
Undesignated (deficit)	47,763,054	1,734,553	(5,735,432)		1,167,968	9,618	44,939,761
Total fund balances	57,111,951	2,043,681	30,851,278	15,525,978	1,279,131	5,879,384	112,691,403
Total liabilities and fund balances	$ 68,235,727	$ 3,734,693	$ 33,354,250	$ 15,525,978	$ 1,279,131	$ 8,321,286	$ 130,451,065

County of Stanislaus
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2005

	Special Revenue Funds	Capital Projects Funds: Redevelopment Agency	Capital Projects Funds: Capital Projects	Debt Service Funds: Capital Improvement Finance Authority	Debt Service Funds: Pension Obligation Bonds	Debt Service Funds: Stan County Tobacco Funding Corp	Totals
Revenues:							
Taxes	$ 10,760,567	$ 3,122,367	$	$	$	$	$ 13,882,934
Licenses, permits and franchises	3,144,817						3,144,817
Fines, forfeitures and penalties	942,655		1,262,362				2,205,017
Revenue from use of money and property	1,112,634	56,698	1,315,415	804,609	55,408	140,973	3,485,737
Intergovernmental revenue	71,558,419	60,151	1,897,789		457,794		73,974,153
Charges for services	22,996,829	131,809	1,095,446				24,224,084
Miscellaneous revenue	1,632,237	175,887	2,358,523		210,888	4,925,257	9,302,792
Donations	2,045,113		4,100,000				6,145,113
Total revenues	114,193,271	3,546,912	12,029,535	804,609	724,090	5,066,230	136,364,647
Expenditures:							
Current:							
General government	10,112,489						10,112,489
Public protection	41,318,329						41,318,329
Public ways and facilities	18,966,073						18,966,073
Health and sanitation	42,101,179						42,101,179
Public assistance	15,762,808						15,762,808
Education	9,723,412						9,723,412
Recreation and cultural services	20,078						20,078
Debt service:							
Interest and fiscal charges	2,972	246,309		5,690,778	5,636,239	3,894,931	15,471,229
Principal	22,441	169,198		5,690,952	5,795,000	1,135,000	12,812,591
Capital outlay		747,762	27,499,246				28,247,008
Total expenditures	138,029,781	1,163,269	27,499,246	11,381,730	11,431,239	5,029,931	194,535,196
Revenues over (under) expenditures	(23,836,510)	2,383,643	(15,469,711)	(10,577,121)	(10,707,149)	36,299	(58,170,549)
Other financing sources (uses):							
Transfers in	25,822,043	620,793	1,518,025	9,010,485	9,303,369		46,274,715
Transfers out	(9,000,120)	(613,228)	(1,002,672)	(92,714)			(10,708,734)
Total other financing sources (uses)	16,821,923	7,565	515,353	8,917,771	9,303,369		35,565,981
Net changes in fund balances	(7,014,587)	2,391,208	(14,954,358)	(1,659,350)	(1,403,780)	36,299	(22,604,568)
Fund balances -- beginning	64,126,538	(347,527)	45,805,636	17,185,328	2,682,911	5,843,085	135,295,971
Fund balances -- ending	$ 57,111,951	$ 2,043,681	$ 30,851,278	$ 15,525,978	$ 1,279,131	$ 5,879,384	$ 112,691,403

Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. Special Revenue Funds include:

Environmental Resources

This fund was established as a Comprehensive Environmental Department whose mandated goal is to control those factors in our physical environment, which exercise or may exercise a deleterious effect on our health and environment. Its revenues come from charges for services and federal and state sources.

Children and Families Commission

This fund was established to create and implement a comprehensive system of services to support childhood development from the prenatal stage to five (5) years of age. Its revenues come from an increase in the tobacco tax, and are divided among counties based on the number of live births, annually, in the County.

Public Works - Engineering

This fund was established to provide engineering services to other divisions in the Public Works Department and other County departments. Revenue consists primarily of charges for services.

Road and Bridge

This fund was established to provide maintenance and construction of roadways and bridges. Revenue consists primarily of the County's share of state highway users taxes and are supplemented by federal funds, vehicle code fines, and reimbursements for services provided.

Employment and Training

This fund was established to account for the Workforce Incentive Act. The County serves as the grant recipient and administrator. The federal government funds the program for the purposes of providing employment and training services to youth and adults, who are unskilled, economically disadvantaged, unemployed, or underemployed.

Child Support Services

This fund was established to account for the Department of Child Support Services, which is responsible for locating absent parents, establishing paternity, establishing child and medical support orders, collecting and distributing child support from absent parents and initiating remedial actions to collect on delinquencies. Federal and state funding are the primary source of revenues.

Public Authority

This fund was established to operate as the Employer of Record for In-Home Supportive Service Providers (Providers). The Public Authority negotiates with the union for wages and benefits for Providers, operates a registry and conducts background checks on Providers.

Health Services Agency

This fund was established to oversee the delivery of health care to Stanislaus County residents. It includes the Public Health and Managed Care divisions and oversees the Health Clinics and Ancillary Services (enterprise fund). The revenues for this fund are primarily intergovernmental sources and charges for services, supplemented by transfers from the General Fund.

Indigent Health Care

This fund was established to administer State and County funds for the delivery of quality medical care for indigent and medically indigent county residents. The primary funding source is the State.

Library

This fund was established to account for library services in thirteen branches throughout the county. Support is derived principally from 1/8% sales tax increment beginning in July 1995.

Lighting Districts

This fund was established for legally separate lighting districts that are controlled by the Board of Supervisors. The revenue sources are taxes and direct assessments.

All Other Special Revenue Funds

Accounts for the activities of several special revenue funds, including:

- Area Agency on Aging
- Property Tax Administration Program
- Cal-MMET
- Federal & State grants
- County Service Areas & Storm Drain Districts
- Community Health Services

County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services	Public Authority
Assets							
Cash and investments	$ 2,135,870	$ 24,980,160	$ 2,000,055	$ 3,595,167	$ 61,961	$ 1,380,777	$
Account receivable (net of allowance for uncollectables)	651,783	1,379,814	143,923	18,633	1,004,978	366,518	
Interest and other receivables	6,371	87,168		12,727		5,958	
Inventory				221,097			
Prepaid items						11,694	
Advance to other funds				1,190,422			
Total assets	$ 2,794,024	$ 26,447,142	$ 2,143,978	$ 5,038,046	$ 1,066,939	$ 1,764,947	$
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 314,992	$ 2,999,793	$ 146,207	$ 555,452	$ 404,635	$ 36,215	$
Salaries and benefits payable	227,257	25,030	236,145	167,272	287,712	555,220	
Due to other funds							
Deposits from others						7,094	
Deferred revenue							
Advances from other funds							
Total Liabilities	542,249	3,024,823	382,352	722,724	692,347	598,529	
Fund Balances							
Reserved for:							
Encumbrances	406,811	2,664,534	28,708	1,430,004	8,439	75,333	
Advances to other funds				1,190,422			
Other	200			221,147		11,694	
Unreserved:							
Undesignated	1,844,764	20,757,785	1,732,918	1,473,749	366,153	1,079,391	
Total fund balances	2,251,775	23,422,319	1,761,626	4,315,322	374,592	1,166,418	
Total liabilities and fund balances	$ 2,794,024	$ 26,447,142	$ 2,143,978	$ 5,038,046	$ 1,066,939	$ 1,764,947	$

County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

Health Services Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
						Assets
$ 3,576,292	$ 369,032	$ 4,602,529	$ 72,063	$ 10,006,508	$ 52,780,414	Cash and investments
4,746,491	1,052,521	1,418,269		3,011,518	13,794,448	Account receivable (net of allowance for uncollectables)
3,151	733		207	39,289	155,604	Interest and other receivables
81,395					302,492	Inventory
653					12,347	Prepaid items
					1,190,422	Advance to other funds
$ 8,407,982	$ 1,422,286	$ 6,020,798	$ 72,270	$ 13,057,315	$ 68,235,727	Total assets
						Liabilities and Fund Balances
						Liabilities
$ 628,240	$ 588,542	$ 204,615	$ 13,657	$ 922,588	$ 6,814,936	Accounts payable
914,929	41,703	273,271		331,601	3,060,140	Salaries and benefits payable
	756,390				756,390	Due to other funds
				1,459	8,553	Deposits from others
358,198				25,109	383,307	Deferred revenue
			450	100,000	100,450	Advances from other funds
1,901,367	1,386,635	477,886	14,107	1,380,757	11,123,776	Total Liabilities
						Fund Balances
						Reserved for:
7,221	11,614	154,374		3,050,671	7,837,709	Encumbrances
					1,190,422	Advances to other funds
85,898		1,127		700	320,766	Other
						Unreserved:
6,413,496	24,037	5,387,411	58,163	8,625,187	47,763,054	Undesignated
6,506,615	35,651	5,542,912	58,163	11,676,558	57,111,951	Total fund balances
$ 8,407,982	$ 1,422,286	$ 6,020,798	$ 72,270	$ 13,057,315	$ 68,235,727	Total liabilities and fund balances

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2005

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services	Public Authority
Revenues:							
Taxes	$	$	$	$ 1,550,158	$	$	$
Licenses, permits and franchises			3,036,280	99,503			
Fines, forfeitures and penalties	112,536						
Revenue from use of money and property	34,573	586,172		99,832		122,380	
Intergovernmental revenue	859,327	8,588,052	116,387	11,549,124	9,923,368	14,685,256	
Charges for services	5,856,725		4,193,797	322,128	2,484,666	705	1,010,287
Miscellaneous revenue	47,787	47,691	5,136	330,704			
Donations				2,045,113			
Total revenues	6,910,948	9,221,915	7,351,600	15,996,562	12,408,034	14,808,341	1,010,287
Expenditures:							
General		9,311,339					
Public protection	7,712,700		3,201,247			15,681,757	
Public ways and facilities			4,216,173	14,749,900			
Health and sanitation							
Public assistance					12,238,025		1,009,405
Education							
Recreation and cultural services							
Debt Service:							
Interest and fiscal charges			1,183				
Principal			11,917				
Total expenditures	7,712,700	9,311,339	7,430,520	14,749,900	12,238,025	15,681,757	1,009,405
Revenues over (under) expenditures	(801,752)	(89,424)	(78,920)	1,246,662	170,009	(873,416)	882
Other financing sources (uses):							
Transfers in	1,112,209		476,528	183,423			
Transfers out	(138,946)	(12,081)	(141,629)	(102,492)	(192,631)	(369,030)	(882)
Total other financing sources (uses)	973,263	(12,081)	334,899	80,931	(192,631)	(369,030)	(882)
Net change in fund balance	171,511	(101,505)	255,979	1,327,593	(22,622)	(1,242,446)	
Fund balances (deficit) -- beginning	2,080,264	23,523,824	1,505,647	2,987,729	397,214	2,408,864	
Fund balances -- ending	$ 2,251,775	$ 23,422,319	$ 1,761,626	$ 4,315,322	$ 374,592	$ 1,166,418	$

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the fiscal year ended June 30, 2005

Health Services Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
						Revenues
$	$	$ 8,275,628	$ 51,289	$ 883,492	$ 10,760,567	Taxes
9,034					3,144,817	Licenses, permits and franchises
24,658	702,267			103,194	942,655	Fines, forfeitures and penalties
						Revenue from use of money
24,928	7,131		1,539	236,079	1,112,634	and property
11,620,581	2,840,469	464,249	873	10,910,733	71,558,419	Intergovernmental revenue
4,646,111	729,530	383,053	112,421	3,257,406	22,996,829	Charges for services
851,343	3,870	38,643	5,472	301,591	1,632,237	Miscellaneous revenue
					2,045,113	Donations
17,176,655	4,283,267	9,161,573	171,594	15,692,495	114,193,271	Total revenues
						Expenditures:
				801,150	10,112,489	General
			205,519	14,517,106	41,318,329	Public protection
					18,966,073	Public ways and facilities
27,227,498	14,873,681				42,101,179	Health and sanitation
				2,515,378	15,762,808	Public assistance
		9,719,912		3,500	9,723,412	Education
				20,078	20,078	Recreation and cultural services
						Debt Service:
				1,789	2,972	Interest and fiscal charges
				10,524	22,441	Principal
27,227,498	14,873,681	9,719,912	205,519	17,869,525	138,029,781	Total expenditures
(10,050,843)	(10,590,414)	(558,339)	(33,925)	(2,177,030)	(23,836,510)	Revenues over (under) expenditures
						Other financing sources (uses)
11,266,114	10,877,081	927,516		979,172	25,822,043	Transfers in
(5,452,218)	(219,994)	(242,466)		(2,127,751)	(9,000,120)	Transfers out
5,813,896	10,657,087	685,050		(1,148,579)	16,821,923	Total other financing sources (uses)
(4,236,947)	66,673	126,711	(33,925)	(3,325,609)	(7,014,587)	Net change in fund balance
						Fund balances (deficit) --
10,743,562	(31,022)	5,416,201	92,088	15,002,167	64,126,538	beginning
$ 6,506,615	$ 35,651	$ 5,542,912	$ 58,163	$ 11,676,558	$ 57,111,951	Fund balances -- ending

Snowflake
Supply

Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for the financing of self-supporting activities of governmental units, which render services on a user-charge basis to the general public.

County Transit System

This fund was established to account for the operation of a transit system within the county which performs intra-city transit service, medical transportation, and Senior Opportunity Services Program's nutrition deliveries. Revenues are generated from fees to transit users and state grants.

Stanislaus Behavioral Health Center

This fund was established to account for the operations of the Stanislaus Behavioral Health Center, which provides mental health and chemical dependency inpatient and outpatient services to public and private clients.

Inmate Welfare/Commissary

This fund was established to account for the activity of the Jail Commissary and the use of revenue generated from the sale of goods for the benefit of inmates.

County of Stanislaus
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2005

	County Transit System	Stanislaus Behavioral Health Center	Inmate Welfare/ Commissary	Total
ASSETS:				
Current Assets:				
Cash and investments	$ 665,362	$	$ 920,281	$ 1,585,643
Accounts receivable, net	382,229	2,788,314	48,234	3,218,777
Interest and other receivables	3,105		4,622	7,727
Inventory			9,708	9,708
Due from other funds		997,739		997,739
Total current assets	1,050,696	3,786,053	982,845	5,819,594
Noncurrent assets:				
Capital assets:				
Building and improvements		7,221,133	196,613	7,417,746
Equipment	2,829,949	338,625	113,402	3,281,976
Less: Accumulated depreciation	(473,502)	(2,221,142)	(86,937)	(2,781,581)
Total noncurrent assets	2,356,447	5,338,616	223,078	7,918,141
Total assets	3,407,143	9,124,669	1,205,923	13,737,735
LIABILITIES:				
Current liabilities:				
Accounts payable	230,080	462,818	108,238	801,136
Due to other funds		3,830,067		3,830,067
Salaries and benefits payable	12,807	492,691		505,498
Liability for compensated absences - current	591	18,217		18,808
Total current liabilities	243,478	4,803,793	108,238	5,155,509
Noncurrent liabilities				
Liability for compensated absences	29,473	561,397		590,870
Total noncurrent liabilities	29,473	561,397		590,870
Total liabilities	272,951	5,365,190	108,238	5,746,379
NET ASSETS:				
Invested in capital assets, net of related debt	2,356,447	5,338,616	223,078	7,918,141
Unrestricted	777,745	(1,579,137)	874,607	73,215
Total net assets	$ 3,134,192	$ 3,759,479	$ 1,097,685	$ 7,991,356

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2005

	County Transit System	Stanislaus Behavioral Health Center	Inmate Welfare/ Commissary	Total
Operating revenues:				
Charges for services	$ 280,470	$ 15,994,328	$ 1,356,352	$ 17,631,150
Total operating revenues	280,470	15,994,328	1,356,352	17,631,150
Operating expenses:				
Salaries and benefits	264,572	10,726,623		10,991,195
Services and supplies	2,455,516	5,309,439	1,843,689	9,608,644
Depreciation	229,062	190,873	18,269	438,204
Total operating expenses	2,949,150	16,226,935	1,861,958	21,038,043
Operating loss	(2,668,680)	(232,607)	(505,606)	(3,406,893)
Nonoperating revenues (expenses)				
Interest income			31,298	31,298
Interest expense	(4,562)	(29,940)		(34,502)
Intergovernmental	2,791,328	3,424		2,794,752
Total nonoperating revenues (expenses)	2,786,766	(26,516)	31,298	2,791,548
Income (loss) before contributions and transfers	118,086	(259,123)	(474,308)	(615,345)
Capital contributions	2,106,894			2,106,894
Transfers in	225	465,736		465,961
Transfers out	(8,318)	(1,555,341)	(116,109)	(1,679,768)
Change in net assets	2,216,887	(1,348,728)	(590,417)	277,742
Total net assets - beginning	917,305	5,108,207	1,688,102	7,713,614
Total net assets - ending	$ 3,134,192	$ 3,759,479	$ 1,097,685	$ 7,991,356

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal service funds were established to finance and account for the services and commodities furnished by a designated agency of a governmental unit to other departments of the same governmental unit. Since the services and commodities are supplied exclusively to other departments of a governmental jurisdiction, they are distinguishable from the public services which are rendered to the public in general and which are accounted for in General, special revenue, or enterprise funds.

General Liability Insurance

This fund is a risk management fund which was established to account for administrative cost, insurance premiums and the cost of claims for the County's property damage, general liability, auto liability, fiduciary, bonds, dishonesty, and legal defense. Revenues are generated by premiums paid by other funds and interest on investments.

Unemployment Insurance

This fund is a risk management fund which accounts for administrative cost and cost for the County's unemployment claims. Revenues are generated by premiums paid by other funds and interest on investments.

Workers' Compensation Insurance

This fund is a risk management fund which accounts for administrative cost, loss control and cost of Workers' Compensation claims and benefits. Revenues are generated by premiums paid by other funds and interest on investments.

Purchased Insurance

This fund accounts for insurance purchased from outside vendors for health and life insurance. Revenues are generated by premiums paid by other funds.

Dental Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee dental claims. Revenues are generated by premiums paid by other funds and interest on investments.

Vision Care Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee vision care claims. Revenues are generated by premiums paid by other funds and interest on investments.

Professional Liability Insurance

This fund is a risk management fund to account for the purchase of insurance and the cost of claims for medical malpractice cases, administrative costs and legal defense. Revenues are generated by premiums paid predominantly by the Health Services Agency Clinics and Ancillary Services Enterprise Fund, and interest on investments.

INTERNAL SERVICE FUNDS
(Continued)

Central Services

This fund was established to account for the cost of issuing supplies and food items, printing, duplication, postage, mail room service, and messenger service. Revenues are generated based on billings for services provided.

Fleet Services

This fund was established to account for the cost of maintaining all County-owned automobiles, trucks, and heavy equipment for County departments. Revenues are based on fee charges for services provided.

Technology and Communications

This fund was established to account for the costs of providing information services, computer processing, communication services such as telephone equipment and services, maintenance of two-way radios, and a new automated collection system. Revenues are based on billings to customers for services provided.

Morgan Shop Garage

This fund was established to account for the cost of maintaining Public Works light and heavy equipment. Revenues are based on fee charges for services provided.

County of Stanislaus
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005

	Self Insurance funds					
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Purchased Insurance	Dental Insurance	Vision Care Insurance
ASSETS:						
Cash and investments	$ 2,587,051	$ 1,737,593	$ 12,770,025	$	$ 1,297,694	$ 389,035
Accounts receivable, net			139,999		648	
Interest and other receivables	9,293	5,806	41,217		3,712	1,374
Inventory						
Deposit with others	34,622		500,000		25,000	46,730
Prepaid items	13,658					
Total current assets	2,644,624	1,743,399	13,451,241		1,327,054	437,139
Capital assets:						
Structures and improvements						
Equipment	23,693		35,614			
Less: Accumulated depreciation	(23,693)		(33,689)			
Net capital assets			1,925			
Total assets	2,644,624	1,743,399	13,453,166		1,327,054	437,139
LIABILITIES						
Current liabilities						
Accounts payable	79,295	148,826	323,926		34,750	50,100
Salaries and benefits payable						
Due to other funds				5,719		
Risk management liability-current	1,217,000	571,256	6,480,437		481,946	95,045
Capital lease - current						
Compensated absences - current						
Total current liabilities	1,296,295	720,082	6,804,363	5,719	516,696	145,145
Noncurrent liabilities						
Risk management liability		30,866	12,217,563			
Capital leases payable						
Total noncurrent liabilities		30,866	12,217,563			
Total liabilities	1,296,295	750,948	19,021,926	5,719	516,696	145,145
NET ASSETS (DEFICIT) :						
Invested in capital assets, net of related debt			1,925			
Unrestricted	1,348,329	992,451	(5,570,685)	(5,719)	810,358	291,994
Total net assets (deficit)	$ 1,348,329	$ 992,451	$ (5,568,760)	$ (5,719)	$ 810,358	$ 291,994

County of Stanislaus
Combining Statement of Net Assets (Continued)
Internal Service Funds
June 30, 2005

Self Insurance funds: Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Total	
						ASSETS:
$ 2,153,156	$ 35,735	$	$	$ 133,658	$ 21,103,947	Cash and investments
	12,012	493	53,899	350,953	558,004	Accounts receivable, net
7,522					68,924	Interest and other receivables
	187,553	70,265		75,550	333,368	Inventory
					606,352	Deposit with others
					13,658	Prepaid items
2,160,678	235,300	70,758	53,899	560,161	22,684,253	Total current assets
						Capital assets:
		990,773			990,773	Structures and improvements
	338,237	6,704,100	4,193,076	7,383,693	18,678,413	Equipment
	(294,836)	(4,889,064)	(3,748,233)	(4,725,382)	(13,714,897)	Less: Accumulated depreciation
	43,401	2,805,809	444,843	2,658,311	5,954,289	Net capital assets
2,160,678	278,701	2,876,567	498,742	3,218,472	28,638,542	Total assets
						LIABILITIES
						Current liabilities
321,113	49,089	75,832	242,168	145,206	1,470,305	Accounts payable
	24,757	30,021	104,840	22,947	182,565	Salaries and benefits payable
		443,758	15,909		465,386	Due to other funds
461,000					9,306,684	Risk management liability-current
				35,611	35,611	Capital lease - current
	79,956	81,763	258,669	46,886	467,274	Compensated absences - current
782,113	153,802	631,374	621,586	250,650	11,927,825	Total current liabilities
						Noncurrent liabilities
					12,248,429	Risk management liability
				3,051	3,051	Capital leases payable
				3,051	12,251,480	Total noncurrent liabilities
782,113	153,802	631,374	621,586	253,701	24,179,305	Total liabilities
						NET ASSETS (DEFICIT) :
						Invested in capital assets,
	43,401	2,805,809	444,843	2,619,649	5,915,627	net of related debt
1,378,565	81,498	(560,616)	(567,687)	345,122	(1,456,390)	Unrestricted
$ 1,378,565	$ 124,899	$ 2,245,193	$ (122,844)	$ 2,964,771	$ 4,459,237	Total net assets (deficit)

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2005

	Self Insurance funds					
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Purchased Insurance	Dental Insurance	Vision Care Insurance
Operating revenues:						
Charges for services	$ 434,720	$ 827,576	$ 10,810,096	$ 27,689,731	$ 4,231,431	$ 917,674
Total operating revenues	434,720	827,576	10,810,096	27,689,731	4,231,431	917,674
Operating expenses:						
Salaries and benefits						
Services and supplies	2,099,551	139,562	6,606,273	27,706,170	3,805,103	1,032,982
Depreciation			1,216			
Total operating expenses	2,099,551	139,562	6,607,489	27,706,170	3,805,103	1,032,982
Operating income (loss)	(1,664,831)	688,014	4,202,607	(16,439)	426,328	(115,308)
Nonoperating revenues (expenses):						
Interest income	67,808	37,640	242,824		25,222	9,749
Interest expense						
Gain on sale of capital assets						
Total nonoperating revenues (expenses), net	67,808	37,640	242,824		25,222	9,749
Income (loss) before contributions and transfers	(1,597,023)	725,654	4,445,431	(16,439)	451,550	(105,559)
Capital contribution						
Transfers in						
Transfers out	(73,583)		(25,000)			
Changes in net assets	(1,670,606)	725,654	4,420,431	(16,439)	451,550	(105,559)
Total net assets (deficit) - beginning	3,018,935	266,797	(9,989,191)	10,720	358,808	397,553
Total net assets (deficit) - ending	$ 1,348,329	$ 992,451	$ (5,568,760)	$ (5,719)	$ 810,358	$ 291,994

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Internal Service Funds
For the fiscal year ended June 30, 2005

Self Insurance funds: Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Total	
						Operating revenues:
$	$ 961,620	$ 2,805,538	$ 5,828,321	$ 1,871,784	$ 56,378,491	Charges for services
	961,620	2,805,538	5,828,321	1,871,784	56,378,491	Total operating revenues
						Operating expenses:
	645,867	676,115	2,310,755	550,077	4,182,814	Salaries and benefits
1,008,476	267,271	1,544,484	2,199,261	881,027	47,290,160	Services and supplies
	7,053	725,100	167,291	340,704	1,241,364	Depreciation
1,008,476	920,191	2,945,699	4,677,307	1,771,808	52,714,338	Total operating expenses
(1,008,476)	41,429	(140,161)	1,151,014	99,976	3,664,153	Operating income (loss)
						Nonoperating revenues (expenses):
55,427					438,670	Interest income
		(2,986)	(437)	(2,931)	(6,354)	Interest expense
		28,873			28,873	Gain on sale of capital assets
55,427		25,887	(437)	(2,931)	461,189	Total nonoperating revenues (expenses), net
(953,049)	41,429	(114,274)	1,150,577	97,045	4,125,342	Income (loss) before contributions and transfers
		80,000			80,000	Capital contribution
		56,999	44,635	587	102,221	Transfers in
	(17,439)	(19,438)	(70,113)	(14,236)	(219,809)	Transfers out
(953,049)	23,990	3,287	1,125,099	83,396	4,087,754	Changes in net assets
2,331,614	100,909	2,241,906	(1,247,943)	2,881,375	371,483	Total net assets (deficit) - beginning
$ 1,378,565	$ 124,899	$ 2,245,193	$ (122,844)	$ 2,964,771	$ 4,459,237	Total net assets (deficit) - ending

Statistical Information

County of Stanislaus
Net Assets by Component
(accrual basis of accounting)
Last Four Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Governmental activities				
Invested in capital assets, net of related debt	$ 486,286,672	$ 479,642,785	$ 495,467,522	$ 486,725,321
Restricted	170,994,690	163,462,506	111,663,081	127,030,151
Unrestricted (deficit)	(30,001,296)	(3,528,738)	(22,784,867)	10,909,303
Total governmental activities net assets	$ 627,280,066	$ 639,576,553	$ 584,345,736	$ 624,664,775
Business-type activities				
Invested in capital assets, net of related debt	$ 22,441,843	$ 22,276,120	$ 24,016,538	$ 25,967,054
Restricted	55,347,110	21,030,306	17,058,797	16,464,101
Unrestricted (deficit)	(26,574,831)	(32,132,595)	(19,977,851)	(19,270,657)
Total business-type activities net assets	$ 51,214,122	$ 11,173,831	$ 21,097,484	$ 23,160,498
Primary government				
Invested in capital assets, net of related debt	$ 508,728,515	$ 501,918,905	$ 519,484,060	$ 512,692,375
Restricted	226,341,800	184,492,812	128,721,878	143,494,252
Unrestricted	(56,576,127)	(35,661,333)	(42,762,718)	(8,361,354)
Total primary government net assets	$ 678,494,188	$ 650,750,384	$ 605,443,220	$ 647,825,273

County of Stanislaus
Changes in Net Assets
(accrual basis of accounting)
Last Four Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Expenses				
Governmental activities				
General government	$ 40,719,666	$ 48,391,005	$ 44,290,347	$ 43,758,556
Public protection	136,575,084	143,930,821	146,200,826	153,222,823
Public ways and facilities	33,500,529	39,214,960	45,291,400	49,611,339
Health and sanitation	99,938,442	103,632,801	103,788,932	104,052,780
Public assistance	210,016,007	205,434,527	204,811,256	216,024,493
Education	8,979,780	9,628,228	10,553,123	11,455,049
Recreation	4,786,457	6,062,670	6,710,196	5,367,318
Interest and fiscal charges on long-term debt	11,720,293	11,582,666	17,522,288	17,509,698
Total governmental activities expenses	546,236,258	567,877,678	579,168,368	601,002,056
Business-type activities:				
Landfills	7,184,548	7,659,100	4,295,808	3,782,560
Waste-to-Energy	6,879,368			
Behavioral Health	14,019,815	13,799,708	16,655,727	16,256,875
Health Clinics and Ancillary	36,353,822	37,321,847	40,143,654	42,296,204
Inmate Welfare and Commissary	1,317,672	1,437,906	1,718,460	1,861,958
Transit	1,951,513	2,082,555	2,348,014	2,953,712
Total business-type activities expenses	67,706,738	62,301,116	65,161,663	67,151,309
Total primary government expenses	$ 613,942,996	$ 630,178,794	$ 644,330,031	$ 668,153,365
Program Revenues				
Governmental activities:				
Charges for services				
General government	$ 24,217,304	$ 23,686,029	$ 17,555,386	$ 25,096,648
Public protection	33,777,480	33,973,505	40,883,130	47,523,591
Public ways and facilities	2,100,852	1,990,484	12,520,953	14,937,803
Health and sanitation	26,121,085	24,778,203	26,047,686	27,706,588
Public assistance	3,360,030	4,139,918	3,241,588	5,144,987
Education	591,882	387,553	1,958,812	2,597,282
Recreation	3,564,748	2,100,374	3,383,321	4,303,898
Operating grants and contributions	340,536,926	332,085,792	335,349,242	346,718,321
Capital grants and contributions	19,854,710	23,552,188	11,639,869	18,080,864
Total governmental activities program revenues	454,125,017	446,694,046	452,579,987	492,109,982
Business-type activities:				
Charges for services:				
Landfills	5,623,173	4,793,867	4,941,990	5,785,376
Waste-to-Energy	8,556,601			
Behavioral Health	12,487,670	14,756,842	16,138,480	15,994,328
Health Clinics and Ancillary	37,767,463	37,576,983	39,969,644	38,144,080
Inmate Welfare and Commissary	1,410,094	1,226,081	1,230,589	1,387,650
Transit	178,400	196,832	248,081	280,470
Operating grants and contributions	808,097	514,380	2,113,508	945,523
Capital grants and contributions	2,322,034		133,483	2,106,894
Total business-type activities program revenues	69,153,532	59,064,985	64,775,775	64,644,321
Total primary government program revenues	$ 523,278,549	$ 505,759,031	$ 517,355,762	$ 556,754,303

Net (expense)/revenue				
Governmental activities	$ (92,111,241)	$ (121,183,632)	$ (126,588,381)	$ (108,892,074)
Business-type activities	1,446,794	(3,236,131)	(385,888)	(2,506,988)
Total primary government net expense	$ (90,664,447)	$ (124,419,763)	$ (126,974,269)	$ (111,399,062)
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property taxes	$ 29,325,476	$ 31,561,725	$ 34,432,004	36,762,205
Sales taxes	23,656,194	26,468,757	27,480,214	29,434,230
Other taxes	2,603,661	2,918,028	3,787,530	4,667,735
Franchise fees	1,221,235	918,309	1,020,333	1,015,443
Payment in lieu of taxes				
Motor vehicle license	30,646,886	32,658,197	25,906,813	44,584,362
Open space subvention	1,803,361	1,737,231	1,691,748	1,670,086
Rental income	710,984			
Unrestricted investment earnings	5,476,077	3,646,615	2,550,113	10,552,047
Miscellaneous	11,123,678	11,648,645	11,543,413	12,506,005
Donation			13,537,658	9,460,780
Gain (loss) on sale of fixed assets	(1,684,661)			
Special Item-proceeds of tobacco securitization	52,403,206			
Transfers	3,161,648	5,341,969	(8,203,529)	(1,441,780)
Total governmental activities	160,447,745	116,899,476	113,746,297	149,211,113
Business-type activities				
Sales taxes	1,606,502	1,892,035		2,422,965
Unrestricted investment earnings	2,479,622	2,571,919	2,106,012	705,257
Gain (loss) on sale of fixed assets	(11,801)			
Transfers	(3,161,648)	(5,341,969)	8,203,529	1,441,780
Total business-type activities	912,675	(878,015)	10,309,541	4,570,002
Total primary government	$ 161,360,420	$ 116,021,461	$ 124,055,838	$ 153,781,115
Change in Net Assets				
Governmental activities	$ 68,336,504	$ (4,284,156)	$ (12,842,084)	$ 40,319,039
Business-type activities	2,359,469	(4,114,146)	9,923,653	2,063,014
Total primary government	$ 70,695,973	$ (8,398,302)	$ (2,918,431)	$ 42,382,053

County of Stanislaus
Governmental Activities Tax Revenues by Source
(accrual basis of accounting)
Last Four Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Other Tax	Total
2002	$ 29,325,476	$ 23,656,194	$ 2,603,661	$ 55,585,331
2003	31,561,725	26,468,757	2,918,028	60,948,510
2004	34,432,004	27,480,214	3,787,530	65,699,748
2005	36,762,205	29,434,230	4,667,735	70,864,170

County of Stanislaus
Fund Balances of Governmental Funds
(modified accrual basis of accounting)
Last Four Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
General fund				
Reserved	$ 16,910,835	$ 23,941,306	$ 25,354,279	$ 25,924,335
Unreserved	38,924,411	35,999,464	33,292,699	56,023,028
Total general fund	$ 55,835,246	$ 59,940,770	$ 58,646,978	$ 81,947,363
All other governmental funds				
Reserved	$ 32,322,226	37,071,720	108,136,528	67,918,410
Unreserved, reported in:				
Special revenue funds	113,216,454	107,689,217	110,031,476	109,598,487
Capital project funds	51,563,966	47,090,116	25,250,961	68,311,908
Debt service funds	7,288,740	4,631,675	2,527,799	1,177,586
Total all other governmental funds	$ 204,391,386	$ 196,482,728	$ 245,946,764	$ 247,006,391

County of Stanislaus
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)
Last Four Fiscal Years

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
Taxes	$ 55,585,337	60,948,505	65,574,750	70,907,713
Licenses, permits and franchises	3,514,853	3,406,830	4,522,962	5,229,280
Fines, forfeitures and penalties	6,978,905	7,993,664	6,458,261	8,249,576
Revenue from use of money and property	10,439,033	7,908,954	5,385,832	14,087,837
Intergovernmental revenue	382,418,947	379,661,625	374,587,670	404,173,862
Charges for services	87,224,458	84,689,346	96,416,581	110,621,879
Miscellaneous revenue	11,091,239	11,648,645	11,543,413	12,513,789
Donation			13,537,658	6,145,113
Total revenues	557,252,772	556,257,569	578,027,127	631,929,049
Expenditures				
General	36,494,615	39,042,574	38,197,737	38,619,527
Public Protection	133,205,484	140,359,147	142,936,105	155,069,132
Public ways and facilities	22,887,072	24,703,267	22,352,607	19,355,303
Health and sanitation	98,746,982	103,859,610	103,266,153	105,176,319
Public assistance	209,041,477	204,532,483	203,468,428	215,860,788
Education	12,950,762	9,449,163	9,676,337	10,055,515
Recreation and cultural services	4,401,008	5,433,031	6,606,007	4,260,721
Capital outlay	8,317,137	17,840,345	14,724,893	28,409,155
Debt Service:				
Interest and fiscal charges	11,808,658	11,207,951	18,869,034	16,417,218
Principal	9,635,816	10,208,176	17,014,661	13,021,864
Total expenditures	547,489,011	566,635,747	577,111,962	606,245,542
Excess of revenues over (under) expenditures	9,763,761	(10,378,178)	915,165	25,683,507
Other financing sources (uses)				
Capital lease proceeds	309,984	290,938	29,651	
Transfers in	84,654,371	75,409,177	68,602,177	67,662,570
Transfers out	(80,585,027)	(69,413,722)	(76,677,619)	(68,986,762)
Loan proceeds	4,516,403		47,408,114	
Sale of capital assets	7,722	288,640	6,710	697
Total other financing sources (uses)	8,903,453	6,575,033	39,369,033	(1,323,495)
Special item				
Proceeds of tobacco securitization	52,403,206			
Net change in fund balances	$ 71,070,420	$ (3,803,145)	$ 40,284,198	$ 24,360,012
Debt service as a percentage of noncapital expenditures	4.22%	4.25%	7.00%	5.56%

County of Stanislaus
Net Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Secured		Unsecured		Total		Ratio of Assessed to Estimated Actual
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	
1996	$ 16,513,622,177	$ 16,513,622,177	$ 914,454,494	$ 914,454,494	$ 17,428,076,671	$ 17,428,076,671	100%
1997	$ 16,798,968,191	$ 16,798,968,191	$ 873,159,491	$ 873,159,491	$ 17,672,127,682	$ 17,672,127,682	100%
1998	$ 17,125,381,531	$ 17,125,381,531	$ 920,841,788	$ 920,841,788	$ 18,046,223,319	$ 18,046,223,319	100%
1999	$ 17,414,464,523	$ 17,414,464,523	$ 1,042,205,718	$ 1,042,205,718	$ 18,456,670,241	$ 18,456,670,241	100%
2000	$ 18,138,511,836	$ 18,138,511,836	$ 1,145,681,145	$ 1,145,681,145	$ 19,284,192,981	$ 19,284,192,981	100%
2001	$ 19,269,396,995	$ 19,269,396,995	$ 1,206,395,885	$ 1,206,395,885	$ 20,475,792,880	$ 20,475,792,880	100%
2002	$ 20,778,158,097	$ 20,778,158,097	$ 1,360,582,907	$ 1,360,582,907	$ 22,138,741,004	$ 22,138,741,004	100%
2003	$ 24,882,144,306	$ 24,882,144,306	$ 1,448,702,323	$ 1,448,702,323	$ 26,330,846,629	$ 26,330,846,629	100%
2004	$ 27,488,169,333	$ 27,488,169,333	$ 1,416,767,559	$ 1,416,767,559	$ 28,904,936,892	$ 28,904,936,892	100%
2005	$ 31,643,757,615	$ 31,643,757,615	$ 1,587,169,541	$ 1,587,169,541	$ 33,230,927,156	$ 33,230,927,156	100%

Note: Values are full value net of State subventions as per the Assessor's assessed roll. However, adjustments and cancellations after publication of the roll are not included.

County of Stanisluas
Property Tax Rates and Distributions
of General Levy Property Tax Rate
Among Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Property Tax Rates Per $100 of Assessed Valuation (Low)	(High)	County	Cities	(1) School District	Special District	Total
1996	0.8750	1.1746	11.89%	6.78%	74.90%	6.43%	100.00%
1997	0.8722	1.1926	11.94%	6.75%	74.79%	6.52%	100.00%
1998	0.8715	1.1576	11.84%	6.56%	74.89%	6.71%	100.00%
1999	0.8715	1.1619	11.80%	6.51%	74.63%	7.06%	100.00%
2000	0.8714	1.1728	11.73%	6.47%	74.20%	7.60%	100.00%
2001	0.8715	1.1461	11.70%	6.50%	73.40%	8.40%	100.00%
2002	0.9657	1.1382	11.58%	6.53%	74.01%	7.88%	100.00%
2003	0.9594	1.1280	11.45%	6.59%	73.46%	8.50%	100.00%
2004	0.9500	1.1105	11.18%	6.49%	73.24%	9.09%	100.00%
2005	0.9511	1.1715	11.13%	6.49%	72.90%	9.48%	100.00%

The County is divided into approximately 1,357 tax code areas, which are unique combinations of various jurisdictions serving a specific geographical area. The above tax rates, which include levies for general obligation bonds and special assessments, represent the low and high tax rates levied within each tax rate area.

The above allocation percentages are for general levies only and exclude general obligation bond rates and special assessments.

The passage of Proposition 13 on June 6, 1978 enacted Article XIII(A) of the State Constitution. This prohibits the levying of any tax rate, except for existing voter-approved bonded debt, in excess of the general tax rate of 1% of assessed value (4% prior to year ended June 30, 1982). The proceeds of this tax are shared by all overlapping local government entities.

(1) Includes Superintendent of Schools

County of Stanislaus
Principal Property Taxpayers
June 30, 2005

Taxpayer	2005 Property Taxes	2005 Rank	2005 Percentage of Total Property Taxes	1996 Property Taxes	1996 Rank	1996 Percentage of Total Property Taxes
Diablo Grande, LTD	$ 4,444,999	1	1.3312%			
Gallo Glass, Co.	1,738,928	2	0.5208%	1,534,206	4	0.8843%
Signature Fruit	1,396,438	3	0.4182%			
Pacific Gas and Electric	1,264,549	4	0.3787%	1,764,950	2	1.0173%
Gallo Winery	1,236,655	5	0.3704%	1,048,442	6	0.6043%
Doctors Medical Center	1,226,499	6	0.3673%	1,166,097	5	0.6722%
Foster Dairy Farms	1,082,731	7	0.3243%			
SBC California	1,060,492	8	0.3176%	2,266,978	1	1.3067%
Hershey's Chocolate, Inc	1,049,265	9	0.3142%			
Hunt Wesson Foods, Inc.	972,884	10	0.2914%	839,180	10	0.4837%
Tri-Valley Growers				1,575,872	3	0.9084%
Proctor Gamble				902,944	7	0.5205%
Ogden Martin Systems				883,952	8	0.5095%
Teachers Insurance Annuity				851,575	9	0.4909%
Total	$ 15,473,440		4.6341%	$ 12,834,196		7.3978%

County of Stanislaus
Property Tax Levy and Collections *
Last Ten Fiscal Years

Fiscal Year	Secured Tax Charge	Unsecured Tax Charge	Total Tax Charge	Collections Through 6/30	Delinquent Balance	Ratio of Delinquency To Tax Charge
1996	$ 185,241,717	$ 9,265,388	$ 194,507,105	$ 189,122,802	$ 5,384,303	2.768%
1997	$ 187,752,426	$ 9,469,534	$ 197,221,960	$ 191,821,103	$ 5,400,857	2.738%
1998	$ 192,095,120	$ 9,447,135	$ 201,542,255	$ 197,210,207	$ 4,332,048	2.150%
1999	$ 193,711,737	$ 11,827,861	$ 205,539,598	$ 201,224,592	$ 4,315,006	2.099%
2000	$ 209,240,256	$ 11,843,235	$ 221,083,491	$ 216,197,440	$ 4,886,051	2.210%
2001	$ 220,614,926	$ 12,719,986	$ 233,334,911	$ 228,045,563	$ 5,289,349	2.267%
2002	$ 237,178,381	$ 14,377,948	$ 251,556,329	$ 245,881,778	$ 5,674,552	2.256%
2003	$ 260,596,803	$ 14,152,836	$ 274,749,639	$ 270,047,250	$ 4,702,389	1.712%
2004	$ 288,186,248	$ 15,650,208	$ 303,836,456	$ 295,829,739	$ 8,006,721	2.635%
2005	$ 318,477,552	$ 15,424,809	$ 333,902,361	$ 326,003,357	$ 7,899,003	2.366%

* Includes all taxing authorities within the County excluding Airplane Tax.

County of Stanislaus
Legal Debt Margin
June 30, 2005

Assessed Value	$	33,230,927,156
Debt Limit: 1.25% of Taxable Property *	$	415,386,589
Amount of Debt Applicable to Debt Limit **		-
Legal Debt Margin	$	415,386,589

* The legal debt limit is set by statue at 1.25% of the total assessed valuation.

** Debt includes only general obligation bonded debt supported by property taxes.

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
(as of December 1, 2004)

STANISLAUS COUNTY

2004-05 Assessed Valuation:	$29,468,309,168 (includes unitary utility valuation)
Redevelopment Incremental Valuation:	1,961,475,803
Adjusted Assessed Valuation:	$27,506,833,365

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/04
Modesto High School District	100. %	$ 79,476,180
Turlock Joint Union High School District	98.393	30,378,839
Ceres Unified School District	100.	24,714,806
Newman-Crows Landing Unified School District	100.	11,229,890
Patterson Joint Unified School District	98.962	21,098,780
Modesto City School District	100.	26,633,337
Sylvan School District	100.	9,890,000
Turlock Joint School District	98.113	10,743,374
Other School Districts	Various	35,899,504
Modesto Irrigation District	100.	985,000
Turlock Irrigation District	89.772	1,337,603
Newman Drainage District	100.	395,000
Empire Union School District Community Facilities District No. 87-1	100.	19,822,633
City Community Facilities Districts	100.	79,255,000
Salida Area Community Facilities District No. 1988-1	100.	36,295,000
Western Hills Water District Community Facilities District No. 1	100.	47,205,000
City 1915 Act Bonds	100.	16,217,362
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$451,577,308
Less: Modesto Irrigation District (100% self-supporting)		985,000
Turlock Irrigation District (100% self-supporting)		1,337,603
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$449,254,705

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Stanislaus County Certificates of Participation	**100. %**	**$127,415,000**	(1)
Stanislaus County Pension Obligations	**100.**	**75,890,000**	
Stanislaus County Office of Education Certificates of Participation	100.	5,860,000	
Yosemite Community College District Certificates of Participation	74.315	11,474,236	
Modesto High School and City School District Certificates of Participation	100.	18,090,000	
Salida Union School District Certificates of Participation	100.	9,305,000	
Other School District Certificates of Participation	100.	15,927,448	
City of Modesto General Fund Obligations	100.	91,505,000	
City of Newman Certificates of Participation	100.	2,920,000	
Other City Certificates of Participation	100.	2,216,628	
Keyes Fire Protection District Certificates of Participation	100.	293,000	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$360,896,312	
Less: Salida Union School District self-supporting obligations from AIG investment agreement		2,000,000	
City of Newman Wastewater Certificates of Participation (100% self-supporting)		2,765,000	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$356,131,312	
GROSS COMBINED TOTAL DEBT		$812,473,620	(2)
NET COMBINED TOTAL DEBT		$805,386,017	

(1) Excludes certificates of participation to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2004-05 Assessed Valuation:
Total Gross Overlapping Tax and Assessment Debt 1.64%
Total Net Overlapping Tax and Assessment Debt 1.63%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($203,305,000) 0.74%
Gross Combined Total Debt 2.95%
Net Combined Total Debt 2.93%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: $0

Source: California Municipal Statistics, Inc.

County of Stanislaus
Miscellaneous Statistical Data
June 30, 2005

GEOGRAPHICAL LOCATION : Stanislaus County is located in the central part of the state of California, about 300 miles north of Los Angeles and 90 miles east of San Francisco. The County is bordered on the north by San Joaquin County, on the east by Calaveras and Tuolumne Counties, on the south by Merced County, and on the west by Santa Clara County.

AREA OF COUNTY : Approximately 1,494 square miles

COUNTY SEAT : Modesto, California

FORM OF GOVERNMENT : General Law, County governed by five-member Board of Supervisors

DATE COUNTY FORMED : April 1, 1854

FISCAL YEAR BEGINS : July 1.

POPULATION :

Year	Population	%Increase
1996	416,127	1.18%
1997	419,480	0.81%
1998	427,642	1.95%
1999	432,990	1.25%
2000	441,364	1.93%
2001	446,997	1.28%
2002	469,512	5.04%
2003	481,604	2.58%
2004	491,900	2.14%
2005	504,482	2.56%

INCORPORATED CITIES :

Ceres	Newman	Patterson
Hughson	Oakdale	Riverbank
Modesto	Waterford	Turlock

Principal Employers in Stanislaus County
As of June 30, 2005
(Stanislaus County Economic Development Corporation)

NAME OF EMPLOYER	EMPLOYEES	TYPE OF BUSINESS
County of Stanislaus	4,747	Government
Signature Foods	4,100	Manufacturing
Modesto City Schools	4,000	Education
E & J Gallo	3,425	Wines
Del Monte Corporation	2,600	Manufacturing
Memorial Hospital Association	2,600	Health Care
Doctors Medical Center	2,300	Health Care
Stanislaus Foods	2,000	Manufacturing
Modesto Junior College	1,866	Education
Turlock School Distrit	1,851	Education

ELECTION NOVEMBER 2, 2004 (General Election)
(County Registrar of Voters)

Registered Voters:	218,051
Number Voting:	147,663
Percent Voting	67.72%

MILES OF COUNTY-MAINTAINED ROADS
(County Department of Public Works)

1,549

CONSTRUCTION PERMITS
(County Building Department)

Calendar Year	# of Permits	Cost of Permits
1995	1,119	$1,030,349
1996	1,791	$1,031,882
1997	3,475	$1,093,601
1998	3,283	$1,506,397
1999	2,110	$1,292,098
2000	3,201	$1,616,198
2001	3,522	$1,596,172
2002	3,281	$1,703,735
2003	3,504	$2,939,814
2004	3,515	$1,326,118

County of Stanislaus
Miscellaneous Statistical Data (continued)
June 30, 2005

	Year	Number of Employees *	Percent of Increase (Decrease)	Number of Employees Per Thousand Population
(County Payroll Register)	1996	3,985	1.7%	9.6
	1997	4,180	4.9%	10
	1998	4,171	-0.2%	9.8
	1999	4,190	0.5%	9.7
	2000	4,542	8.4%	10.3
	2001	4,972	9.5%	11.1
	2002	4,710	-5.3%	10
	2003	4,536	-3.7%	9.4
	2004	4,505	-0.7%	9.2
	2005	4,475	-0.7%	8.9

Number of Special Districts Controlled by Board of Supervisors :

County Service Areas	20	Lighting	26
Drainage	7	Landscape	7
		Cap. Imp.	1
		Total	61

Number of other Special Districts :

California Water	12	Cemetery	3
Mosquito Abatement	2	Sanitation	2
Resource Conservation	3	Reclamation	2
Community Services	8	Hospital	3
Flood Control & Drainage	2	Irrigation	4
Fire Protection	15	Drainage	1
Emergency Medical Service	1	Lighting	1
Redevelopment Agency	10	SAAG	1
Finance Agency	2	Total	72

* Note: Number of employees includes temporary and extra-help employees.

Stanislaus
County
Striving to be the Best